



Scope and Community Dimensions

Nonprofit Survey Series

Report #7

**INDIANA
NONPROFITS:
A PROFILE OF
RELIGIOUS NONPROFITS
AND SECULAR CHARITIES**

A JOINT PRODUCT OF

THE CENTER ON PHILANTHROPY
AT INDIANA UNIVERSITY

AND

THE SCHOOL OF PUBLIC AND ENVIRONMENTAL AFFAIRS
AT INDIANA UNIVERSITY

JUNE 2006

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INDIANA NONPROFITS:

A PORTRAIT OF RELIGIOUS NONPROFITS AND SECULAR CHARITIES

PROJECT ON INDIANA NONPROFITS: SCOPE & COMMUNITY DIMENSIONS

NONPROFIT SURVEY SERIES: REPORT #7

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INTRODUCTION

Religious and charitable nonprofits have received a good deal of attention from researchers and policymakers in recent years. This is largely due to the “Charitable Choice” provision of the 1996 welfare reform act, later expanded upon through President Bush’s Faith-Based Initiative, which seeks to promote increased access to government funds by congregations and other faith-based nonprofits.

Unfortunately, much of the policy debate about “Charitable Choice” fails to distinguish among major types of faith-based organizations. In this report we attempt to remedy that by distinguishing religious congregations from other faith-based organizations. The latter, along with secular charities, have long had opportunities to engage in contracting relationships with governments to deliver human services. So have congregations, but only if they refrained from overt displays of faith and sectarian symbols. Now those restrictions have largely been eliminated, although government funds may still not be used to support proselytizing activities.

Our report examines the landscape of religious and charitable nonprofits in Indiana. We focus primarily on differences among three **organizational types** -- congregations, other faith-based organizations, and secular charities. We also consider whether there are notable differences among **congregational types** based on differing theological traditions. In Chapter 1 we describe how we categorized the Indiana religious and charitable sector along these dimensions. We follow in Chapter 2 with an assessment of the basic organizational characteristics of each type. Chapter 3 further distinguishes religious and charitable nonprofits into **those that currently provide human services and those that do not**. In Chapter 4, we present an assessment of the organizational capacities and challenges faced by religious and charitable nonprofits. Our underlying goal here is to examine whether or not congregations currently have the same capacity to provide human services as other service providers. Finally, in Chapter 5 we look at geographical differences in the religious and charitable sector across the state of Indiana.

Indiana Nonprofits: the Religious and Charitable Sector is the seventh and final report in a series based on a major survey of 2,206 Indiana charities, congregations, advocacy and mutual benefit nonprofits completed as part of the **Indiana Nonprofits: Scope and Community**

Dimensions project currently underway at Indiana University.¹ Previous reports have outlined management challenges and capacities of Indianapolis nonprofits,² presented an overall profile of Indiana nonprofits,³ examined the impact of community and policy changes,⁴ explored financial and human resources⁵, investigated collaborations and competition,⁶ and profiled membership organizations.⁷ No other study has examined such a variety of nonprofits or in such detail.

The 2002 survey of 2,206 Indiana charities, congregations, advocacy, and mutual benefit nonprofits had a response rate of 29 percent. Details of how the sample was developed and the data collected are described in technical reports available upon request. The survey was designed to allow for direct comparison with a study of Illinois nonprofits sponsored by Donors Forum of Chicago.⁸ Our analysis highlights differences that meet statistical criteria of significance (5 percent or less chance that the results occurred by chance).

We caution that because the survey was completed several years ago, it is possible that the distribution of responses to at least some of the survey questions would be different today. Nevertheless, this portrait of Indiana’s congregations, other faith-based organizations and secular charities presented here is the most complete information about these important organizations that is available.

¹ For information on the survey and related reports, please see www.indiana.edu/~nonprof and follow links to “Research Results” and then “Indiana Nonprofit Survey.”

² Kirsten A. Grønberg & Richard Clerkin, *The Indianapolis Nonprofit Sector: Management Capacities and Challenges*. Report #1. February 2003.

³ Kirsten A. Grønberg & Linda Allen: *The Indiana Nonprofit Sector: A Profile*. Report #2, January 2004.

⁴ Kirsten A. Grønberg & Curtis Child, *Indiana Nonprofits: Impact of Community and Policy Changes*. Report #3. July 2004.

⁵ Kirsten A. Grønberg & Richard M. Clerkin, *Indiana Nonprofits: Managing Financial and Human Resources*, Report #4. August 2004.

⁶ Kirsten A. Grønberg & Curtis Child, *Indiana Nonprofits: Affiliations, Collaborations, and Competition*. Report #5. November 2004.

⁷ Kirsten A. Grønberg & Patricia Borntrager, *Indiana Nonprofits: A Profile of Membership Organizations*. Report #6. September 2006.

⁸ Kirsten A. Grønberg & Curtis Child, *Illinois Nonprofits: A Profile of Charities and Advocacy Organizations* (Chicago, IL: Donors Forum of Chicago, December 2003).

EXECUTIVE SUMMARY

1. ***Defining Indiana's Religious and Charitable Nonprofits Sector:*** We focus on Indiana's religious and charitable nonprofits and exclude other secular nonprofits. We classify the former into three groups: congregations, other faith-based organizations (FBOs), and secular charities.

- Some 55 percent of Indiana nonprofits are part of the religious and charitable sector. Of these, 42 percent are secular charities, 39 percent are congregations, and the remaining 19 percent are other faith-based organizations.
- For congregations we distinguish among major denominational traditions. The majority (60 percent) of Indiana congregations are evangelical Protestant. Almost one-third (31 percent) are mainline Protestant, 7 percent are Catholic, and the remaining 2 percent have some other religious affiliation.

2. ***Portrait of Religious and Charitable Nonprofits:*** We describe the basic characteristics of Indiana's religious and charitable nonprofits, including revenues, human resources, and age.

- The median revenue for religious and charitable nonprofits in Indiana is \$98,000 with no significant variation among congregations, other FBOs or secular charities. However, Catholic congregations report much higher revenues than those belonging to other denominations.
- The majority (52 percent) of religious and charitable nonprofits say their revenues increased over the last three years.
- In terms of annual surpluses or deficits, more than one-half (54 percent) of religious and charitable nonprofits report gains, one-third (33 percent) report losses, and the rest (14 percent) broke even.
- Donations are the primary source of revenue for the majority (53 percent) of religious and charitable nonprofits in Indiana, but especially for congregations.

- Over the last three years, donations and gifts increased for nearly one-half (49 percent) of Indiana's religious and charitable nonprofits, stayed the same for slightly more than one-third (36 percent), and decreased for 14 percent.
- One-third (32 percent) of religious and charitable nonprofits do not have any full-time equivalent (FTE) staff. The median staff size is 1.5 FTEs for religious and charitable nonprofits.
- Volunteers are important to three-quarters of Indiana's religious and charitable nonprofits, most notably to congregations.
- The median age of religious and charitable nonprofits in Indiana is 37 years. Congregations are significantly older than both other FBOs and secular charities, with mainline Protestant congregations notably older than other types of congregations.

3. ***Provision of Health or Human Services:*** We assess the current provision of health or human services including service orientation and targets. We also examine receipt of public funds and likelihood to seek them in the future.

- Just under half (48 percent) of religious and charitable nonprofits provide health or human services with congregations and other FBOs more likely to provide them than secular charities.
- Secular charities have a more outward service orientation and are more likely to target services to low income groups. Congregations tend to have more service targets, indicating they have a broader range of programs.
- Relatively few religious and charitable nonprofits receive government grants (14 percent) or contracts (12 percent). Secular charities and other FBOs are more likely to have them than congregations.
- Among religious nonprofits, other FBOs that provide health or human services are more likely than congregations to be aware of "Charitable

Choice” initiatives, more likely to already receive government funds and are more likely to say they might seek such funds in the future.

4. **Challenges and Capacities:** We examine challenges faced by religious and charitable nonprofits and capacities available to meet those challenges, looking for differences among those that provide health or human services and those that do not.

- The majority of Indiana’s religious and charitable organizations (75 percent) report challenges in delivering high quality programs and services.
- Organizations that provide health or human services are more likely to report challenges in evaluating programs than those that do not. Secular charities that provide health or human services are disproportionately more likely to have completed a recent program evaluation (51 percent vs. 32 percent overall).
- Attracting clients/members is most commonly reported as a major challenge (54 percent). Congregations are particularly likely to find it challenging, regardless of whether or not they provide health or human services.
- Religious and charitable nonprofits report similar levels of governance challenges; however, congregations that provide health or human services are the most likely to report challenges with strategic planning.
- Secular charities that provide health or human services are more likely to report challenges in obtaining funding, with well over two-thirds (70 percent) naming it as a major challenge, compared to 48 percent overall.
- Religious and charitable nonprofits report relatively few human resource management challenges related to staff recruitment and training with only slight variation among types.
- Religious and charitable nonprofits more commonly report recruiting and keeping volunteers other than board members as challenging (70 percent). This is particularly the case for con-

gregations, especially those that provide health or human services (85 percent).

- Nonprofits that provide health or human services are more likely than those that do not to possess tools to help in human resource management such as written job descriptions and personnel policies as well as formal volunteer recruitment and training programs.
 - Information technology (IT) is a major challenge for only 18 percent of religious and charitable nonprofits. Those that provide health or human services are more likely to name it a challenge than those that do not.
 - Congregations that provide health or human services are more likely to have computers available for key staff/volunteers as well as computerized financial records than their counterparts.
 - While slightly more than one-half (57 percent) of religious and charitable nonprofits view financial management and accounting as a challenge, only 13 percent identify it as a *major* challenge.
 - Congregations report greater challenges in managing facilities, but those that provide human services are also more likely to possess reserves dedicated to capital improvement (64 percent) as well as maintenance and/or equipment (73 percent) than other FBOs or secular charities.
5. **Regional Variations:** We re-examined the above dimensions and looked for notable variations among seven regions where we had been able to use expanded samples and had enough survey respondents among the religious nonprofits and secular charities to warrant separate analyses. We found that our seven regions—the four metropolitan regions of Indianapolis, Northwest Indiana, Evansville, and South Bend, in addition to Other Metro, Non-Metro, and Rest of State regions—differed only in a few cases.
- While the amount of revenues or changes in revenues is similar regardless of geographical location, there were some regional differences in

how much revenue religious and charitable nonprofits generated from donations.

- Religious and charitable nonprofits show some notable regional variability in the challenges they face. For instance, Indianapolis nonprofits report more challenges in evaluating program outcomes and using IT effectively while South Bend nonprofits report fewer challenges in financial management than their counterparts located elsewhere.
- Religious and charitable nonprofits also vary in their capacities to face those challenges depending on location.
- South Bend and Indianapolis charitable and religious nonprofits are relatively more likely to have their own websites and e-mail addresses.
- Religious and charitable nonprofits in the Other Metro areas are much less likely to have reserves dedicated to maintenance.
- South Bend charitable and religious nonprofits are less likely to have written job descriptions or an annual report, but are more likely to have formal volunteer recruitment programs.

KEY FINDINGS

A number of key findings stand out from our analysis of Indiana's religious and charitable nonprofits:

1. ***Religious congregations are distinct from other faith-based organizations.*** Our findings show that religious congregations and other FBOs show distinctive characteristics, challenges and capacities on almost every dimension examined here. Policy-makers must be aware of these differences when designing initiatives meant to address religious organizations.
2. ***Congregations, other FBOs and secular charities differ markedly in their approach to health or human services.*** Over half of all congregations and other FBOs provide some type of health or human services compared to less than four-fifths of secular charities. Among those that provide such services, secular charities and other FBOs are more likely than congregations to serve only the general public (rather than their own members) and to target their services to low income groups. However, secular charities are more likely than congregations or other FBOs to receive government contracts and to have completed a recent evaluation of program outcomes or impacts.
3. ***Limited awareness of and interest in "Charitable Choice" by congregations.*** Among religious nonprofits, only a third of congregations are aware of the "Charitable Choice" initiative, regardless of whether they provide health or human services, compared to about two thirds of other FBOs that provide such services. The latter are also more likely to already receive government funds and to say they might seek such funds in the future.
4. ***Congregations are more likely to depend on volunteers.*** While congregations report more challenges in recruiting and keeping volunteers, they are also more likely to say volunteers are essential to their missions than other faith-based organizations and secular charities. Congregations that provide health or human services are considerably more likely to have formal volunteer recruitment and training programs, suggesting that they also have greater capacity to utilize them than their counterparts.

-
5. ***Organizations use information technology in different ways.*** Detailed analysis shows that congregations that provide health or human services are especially likely to possess computers and have computerized financial records. However, we also find that other FBOs that provide such services are especially likely to have Internet access and an organizational email address. This suggests that congregations are more likely to use IT for internal management tasks while other FBOs use it for interfacing with external audiences.
 6. ***Congregations have greater capacity to manage facilities.*** Detailed analysis shows that congregations which provide health or human services are significantly more likely to report reserves dedicated to capital improvement as well as reserves for maintenance and/or equipment. This is an important indicator of financial planning capability. However, congregations, regardless of whether they provide health or human services, are nevertheless more likely to say that managing facilities is a challenge than other FBOs or secular charities.
 7. ***Catholic congregations appear to be more formalized.*** There were only a few cases in which congregational types differed significantly in management capacities. However, in each of those cases, Catholic congregations appeared to come out ahead, most likely because they also tend to be significantly larger than other types of congregations.

METHODOLOGICAL NOTE

In this survey report we use a combination of two types of statistical analysis. In Sections 1, 2 and 3 we use cross-tabulations of two indicators (*bivariate analysis*) to guide our investigations. This method allows us to examine whether there is a significant relationship between two variables,⁹ such as type of organization and dependence on volunteers, to see if religious congregations are likely to use more or fewer volunteers than other FBOs or secular charities.

Although useful, this approach is limited in that it only permits us to examine two variables at a time. Thus, continuing with our example, if we found that congregations are likely to use more volunteers than secular charities, we might be curious whether this also has something to do with the older age of congregations or how large or small they are. More advanced statistical techniques make it possible to include multiple variables into a statistical model in order to determine which of them significantly relate to the feature we are trying to understand while controlling for all other factors considered in the analysis. Statistical techniques that allow us to look at multiple variables at the same time are called *multivariate analyses*.

In Sections 4 and 5 of the present analysis we experiment with these techniques in order to provide a clearer representation of the Indiana religious and charitable sector. Our hope is that this will provide the reader with a more robust and nuanced analysis. These more sophisticated analyses allow us to determine whether the differences in how nonprofits respond to questions about management challenges and capacities are more consistently and significantly related to other factors, such as the size, age, or location of the organization, and not necessarily whether it is a congregation, other FBO, or secular charity. In such cases, although there are differences in how the different types of organizations (i.e. congregations, other FBOs, or secular charities) responded to the questions, these differences may more appropriately be attributable to other characteristics, such as the organizations' sizes or ages.

To simplify the presentation, however, all the figures that we present are based on the bivariate analyses. In Section 4 the two variables portrayed in figures are the *particular management challenge* (or *capacity*) and the *type of religious or charitable nonprofit*. These figures numerically and visually display how different types of religious and charitable nonprofits (and in a few cases, different types of congregations) view management challenges and possess certain management capacities or tools. When differences among organizational types stand out *even after* controlling for the age, size, and location of the nonprofit we use the text to emphasize that under the heading of "Overall Assessment."

⁹ We define relationships as significant if statistical tests show that there is a 5 percent or less chance that the results occurred by chance.

DETAILED FINDINGS

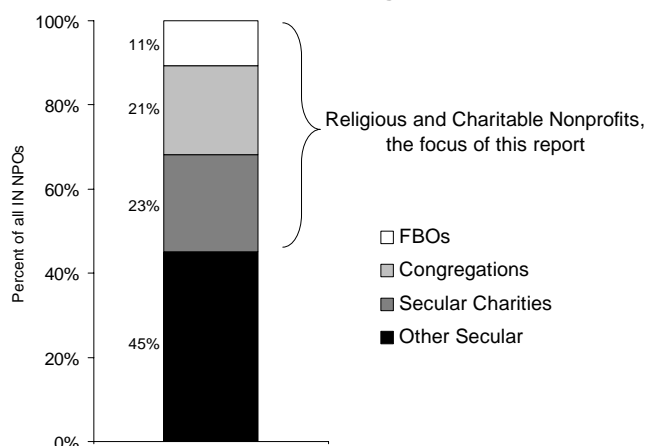
I. INDIANA'S RELIGIOUS AND CHARITABLE NONPROFITS

One in five Indiana nonprofits is a congregation (i.e. a church, synagogue, temple, or mosque). One in ten is some other faith-based organization, and nearly one-quarter of the nonprofits in the state are secular public charities. The remaining 45 percent are other types of secular nonprofits. More than one-half of the congregations in Indiana are evangelical Protestant; this is the most prevalent religious tradition in the state, followed by mainline Protestant.

Classification and Definitions: In this section we define the types of organizations that are the focus of this report by distinguishing nonprofits that have a religious or charitable focus from other types of nonprofits. For this analysis, we divided nonprofit organizations throughout the state into four broad categories: congregations, other faith-based organizations, secular charities, and other secular nonprofits. We exclude the latter category from the analyses presented in this report.

- **Congregations:** One-fifth (21 percent) of nonprofits in Indiana are religious congregations. See Figure 1.

Figure 1: Congregations, other FBOs, secular charities, and other secular nonprofits as a percentage of all Indiana nonprofit organizations (n=2,087)



- **Faith-Based Organizations:** One-tenth (11 percent) of all Indiana nonprofits are other faith-based organizations (FBOs). We define other FBOs as or-

ganizations that identify themselves as religiously oriented but not as congregations.¹⁰

- **Secular Charities:** Nearly one-quarter (23 percent) of Indiana nonprofits are secular charities. We define secular charities as public charities (registered with the IRS) that are not religiously oriented.
- **Other Secular Nonprofits:** The remaining 45 percent of Indiana nonprofits are organizations that do not fit into any of the three categories above. These include any nonprofits that are not registered as public charities and are not religiously oriented, such as advocacy groups, professional or housing associations, or member and mutual benefit nonprofits.¹¹

The Religious and Charitable Sector: In this report we focus explicitly on congregations and registered public charities (i.e. the first three groups identified above, omitting the 'other secular' category). Doing so allows for meaningful comparisons among congregations, other FBOs, and secular charities—what we refer to as Indiana's religious and charitable nonprofits. Unless otherwise noted, the remainder of the report should be understood in reference to this subpopulation, not the entire population of Indiana nonprofits.

Two-fifths (39 percent) of religious and charitable nonprofits in Indiana are religious congregations, one-fifth (19 percent) are other FBOs, and two-fifths (42 percent) are secular charities. See Figure 2.

- **Congregations:** As we discuss later, the so-called "Charitable Choice" provision of the 1996 welfare reform legislation, as well as a series of more recent policy developments at the federal and state level, have sought to build the capacity of religious congregations to provide health or human service programs. In order to assess possible denominational differences in management capacity we categorize congregations by major type of theological tradi-

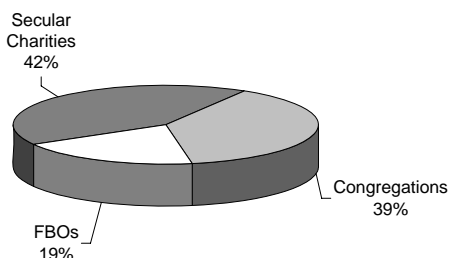
¹⁰ Some 119 organizations did not answer the question regarding religious affiliation; therefore we cannot determine their religious status and left them out of the analysis. See Question 21 in Appendix A for actual wording of the question. The full survey instrument can be found online at:

www.indiana.edu/~nonprof/results/npsurvey/ins.survey.pdf

¹¹ As noted above, all previous reports have focused on the full range of Indiana nonprofits.

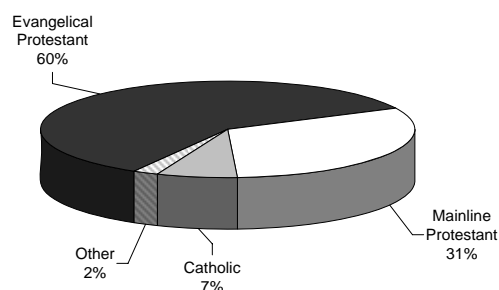
tions. Indiana congregations fall primarily into three such traditions: evangelical Protestant, mainline Protestant, and Catholic.¹²

Figure 2: Congregations, other FBOs, and secular charities as a percentage of all Indiana religious and charitable nonprofit organizations (n=1,040)



- ***Evangelical Protestant:*** The majority (60 percent) of Indiana congregations belong to the evangelical Protestant tradition. Examples of denominations in this tradition included in our sample are Baptist, Lutheran Church-Missouri Synod, Nazarene, Assembly of God, Church of Christ, Pentecostal, Church of God, Community Church, Southern Baptist Convention, Mennonite, Missionary Baptist, and Seventh Day Adventist.¹³ See Figure 3.

Figure 3: Congregation type as a percentage of all Indiana congregations (n=481)



- ***Mainline Protestant:*** Three in ten (31 percent) congregations are mainline Protestant. Examples

of mainline Protestant denominations in our sample include United Methodist, Presbyterian, Disciples of Christ, Evangelical Lutheran, American Baptist Churches in the USA, United Brethren, Lutheran Church in America, Methodist, Quaker, and Episcopal.

- ***Catholic:*** Less than one in ten (7 percent) Indiana congregations is Roman Catholic.
- ***Other:*** The remainder of the congregations in Indiana (2 percent) belong to black Protestant (e.g. African Methodist Episcopal Church) and nontraditional (e.g. Unitarian Universalist and Mormon) denominations, as well as Jewish, Greek Orthodox, and other non-Christian traditions.

¹² Categorization of evangelical and mainline Protestant denominations here is based on Steensland et. al “The Measure of American Religion: Improving the State of the Art,” *Social Forces*, September 2000, 79(1):291-318

¹³ See Appendix B for a detailed breakdown of the types of congregations and percentages for each religious affiliation except for Catholic.

II. PORTRAIT OF RELIGIOUS AND CHARITABLE NONPROFITS

Congregations appear to report higher annual revenues than secular charities and other faith-based organizations. This is especially so for Catholic congregations, which are disproportionately large when measured by total revenues generated. For more than half of the religious and charitable nonprofits in the state, annual revenues increased moderately or significantly over the three years prior to the survey (2002). Moreover, the majority of Indiana's religious and charitable nonprofits report net gains over the previous year. Congregations rely primarily on donations for more than half of their income, while other faith-based organizations and especially secular charities depend on a greater variety of sources of revenue.

In this section we describe Indiana's religious and charitable nonprofits by assessing some of their basic organizational characteristics, such as revenues, human resources, and age. We look at differences among types of religious and charitable nonprofits as well as among types of congregation (when applicable). In cases where organizational type stands out even after controlling for other factors such as age, size and location we highlight it in the text under the heading "Overall Assessment."¹⁴

Revenues: Although nonprofit organizations do not operate for the express purpose of generating a profit, revenues are a useful indicator of nonprofit health and viability. They also give us an idea of the overall size of the organization.

- **Total Revenues:** The median revenue for religious and charitable nonprofits in Indiana is \$98,000. As Figure 4 suggests, median revenues for congregations (\$116,000) are higher than for secular charities (\$79,569) and other FBOs (\$64,249); however, the difference is not statistically significant.
- *Differences among Congregations:* A closer look at Indiana's congregations reveals that Catholic congregations report significantly higher revenues than mainline or evangelical Protestants or other congregations. Catholic congregations have median annual revenues of

\$777,633 compared to median revenues in the \$100,000 range for the other types of congregations. See Figure 5.

Figure 4: Median annual revenues for congregations (n=372), FBOs (n=167), and secular charities (n=296)

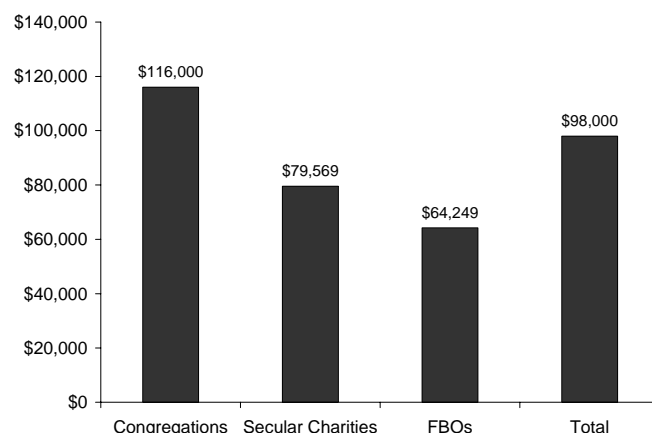
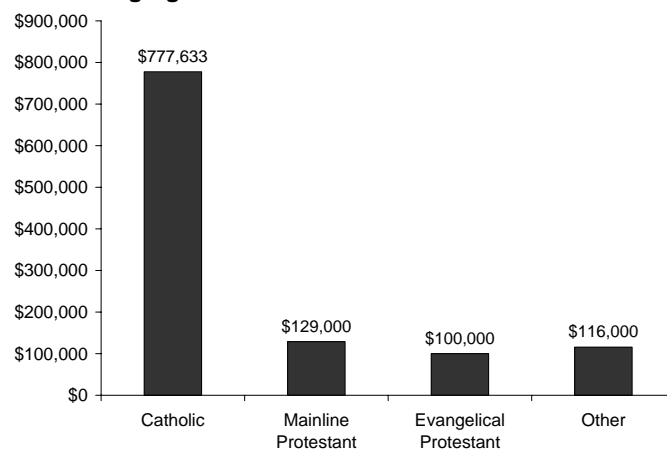


Figure 5: Median annual revenues for evangelical Protestant (n=185), mainline Protestant (n=135), Catholic (n=38), and other (n=14) types of congregations

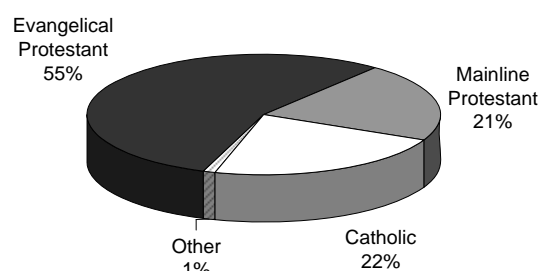


- Although individual Catholic congregations, on average, have higher revenues than other Indiana congregations, a larger share of the aggregated revenues for all congregations in the state belongs to the state's evangelical Protestant congregations. Over one-half (55 percent) of the combined revenues generated by congregations in the state are accounted for by evangelical Protestant congregations. See Figure 6. This reflects their more numerous presence in the

¹⁴ See methodological note.

state's religious sector (as portrayed earlier in Figure 3).

Figure 6: Percent of statewide combined congregational revenues attributable to congregation type (n=368)



- **Changes in Total Revenues:** Slightly more than half of the religious and charitable nonprofits in Indiana indicate that their revenues increased moderately (44 percent) or significantly (8 percent) over the three years prior to the survey (2002).¹⁵ Twenty-six percent report that their revenues stayed the same and the rest report that they decreased moderately (15 percent) or significantly (8 percent). See Figure 7.

- There is no statistical difference among these percentages for congregations, other FBOs, and secular charities.
- It is interesting to note that the pattern for religious and charitable nonprofits is significantly different than what we find for the rest of the nonprofit sector (i.e. the “other secular” organizations in Figure 1). These secular nonprofits are more likely to say that revenues stayed the same (36 percent) or decreased (28 percent). See Figure 7.
- **Differences among Congregations:** Catholic congregations stand out from other Indiana religious traditions in the extent to which they report how revenues changed over the previous three years. They are disproportionately likely to indicate that their revenues increased; 92 percent

¹⁵ Here and elsewhere we define “significant” increases or decreases as changes of 25 percent or more and “moderate” increases or decreases as changes of 10-25 percent. Changes of less than 10 percent are defined as “stayed the same.”

of them say that this is the case.¹⁶ Congregations in the “Other” category are much more likely to say that revenues increased significantly (29 percent). See Figure 8.

Figure 7: Change in total revenues over the last three years for religious and charitable nonprofits and secular nonprofits (n=1,733)

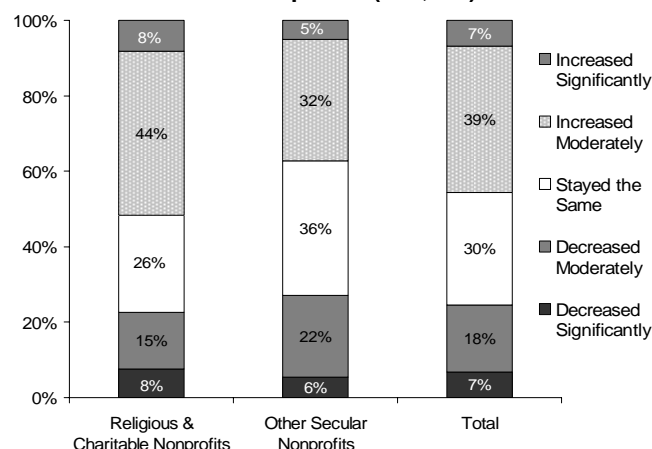
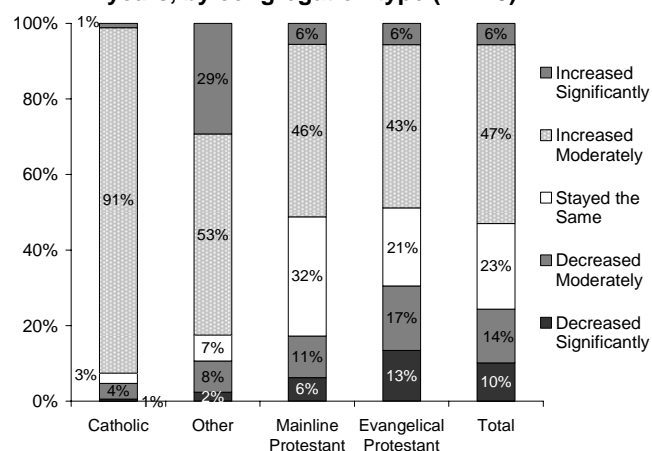


Figure 8: Change in total revenues over the last three years, by congregation type (n=429)

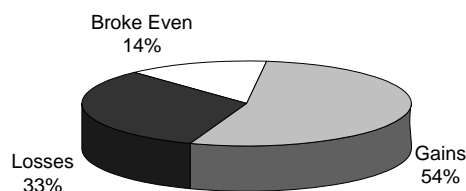


- **Surplus or Deficit:** Indiana’s religious and charitable nonprofits vary widely in the extent to which they reported annual surpluses or deficits. Such variability makes comparisons among congregations, other FBOs, and secular charities quite speculative. Taken as a whole, however, these organizations show median aggregate surpluses of only \$150.

¹⁶ Please note that the survey was completed in 2002 and some of these patterns may have changed since then.

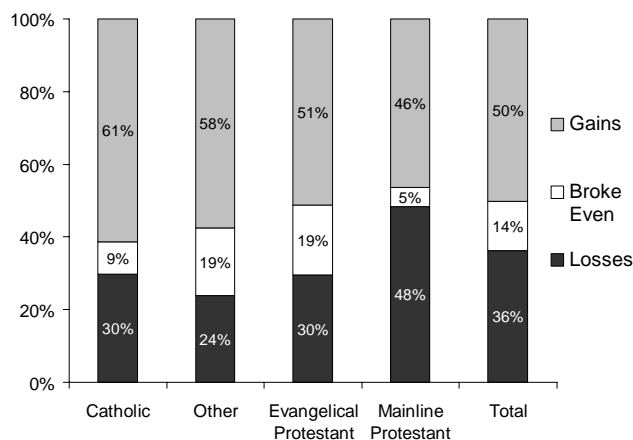
- More than one-half (54 percent) of religious and charitable nonprofits report a surplus, one-third (33 percent) report losses, and the rest (14 percent) broke even.¹⁷ See Figure 9.

Figure 9: Net gains or losses during the last year for religious and charitable nonprofits (n=787)



- Differences among Congregations: There are some differences in the net gains and losses reported by Indiana congregations. Two in particular stand out: Catholic congregations are more likely to report a gain (61 percent) and mainline Protestant congregations are disproportionately likely to report a loss (48 percent). See Figure 10.

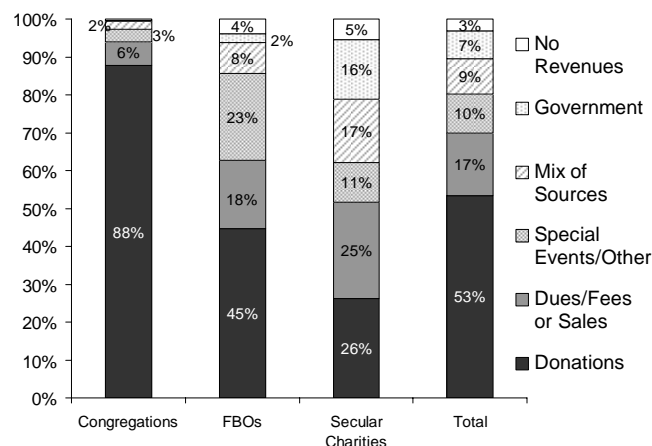
Figure 10: Net gains or losses during the last year for congregations, by congregation type (n=353)



- **Donations:** Donations are the primary source of revenue for the majority (53 percent) of religious and charitable nonprofits in Indiana. This is especially the case for congregations—nearly nine in ten (88 percent) report that half or more of their revenue comes from donations and gifts. A smaller percent-

age of other FBOs and secular charities report similarly, although donations and gifts still play a significant role for them. See Figure 11.

Figure 11: Primary source of revenue for religious and charitable nonprofits, by organization type (n=955)



- Overall Assessment: More detailed analyses confirm that charities are significantly more likely than congregations and other FBOs to rely primarily on other types of support than donations when controlling for other influential variables such as age, geographical location, and number of employees.
- Using more detailed analysis we find that on average, 84 percent of congregations' total revenues come from donations and gifts. This is significantly higher than the mean percent of total revenues that come from donations and gifts to other FBOs (41 percent) and secular charities (29 percent).
- Differences among Congregations: Nearly all (93 percent) evangelical and mainline Protestant congregations indicate that the majority of their revenues come from donations and gifts, although only 50 percent of Catholics report similarly. Most of the remaining Catholic congregations rely on dues and fees (16 percent), special events or other sources (19 percent), or a mix of sources (13 percent). See Figure 12.
- Nearly two-thirds (63 percent) of all statewide donations to congregations go to evangelical Protestant congregations. One-quarter (25 per-

¹⁷ We define "broke even" as revenues within +/-2 percent of expenses.

cent) go to mainline Protestant congregations and 11 percent go to Catholic congregations. See Figure 13.

Figure 12: Primary source of revenues for congregations, by congregation type (n=440)

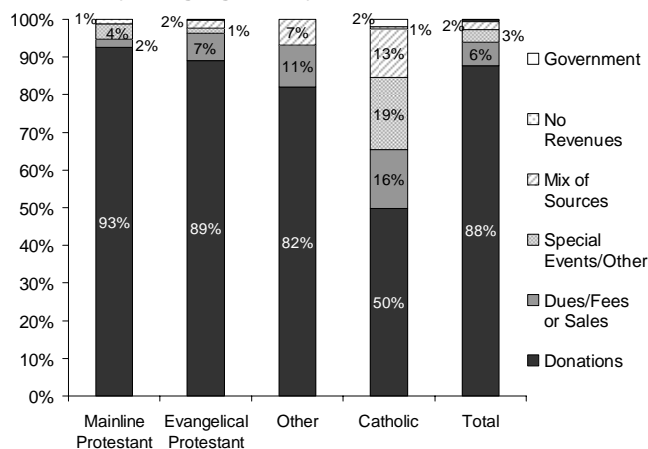
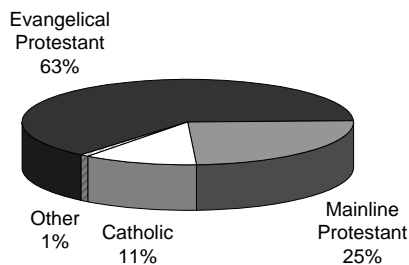
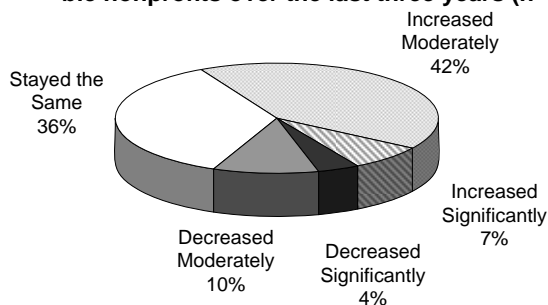


Figure 13: Percent of statewide combined congregational donations attributable to congregation type (n=360)



- **Changes in Donations:** Over the last three years, donations and gifts increased for nearly one-half (49 percent) of Indiana's religious and charitable nonprofits, stayed the same for slightly more than one-third (36 percent), and decreased for 14 percent. See Figure 14. This did not differ significantly among types of religious and charitable nonprofits nor among types of congregations.

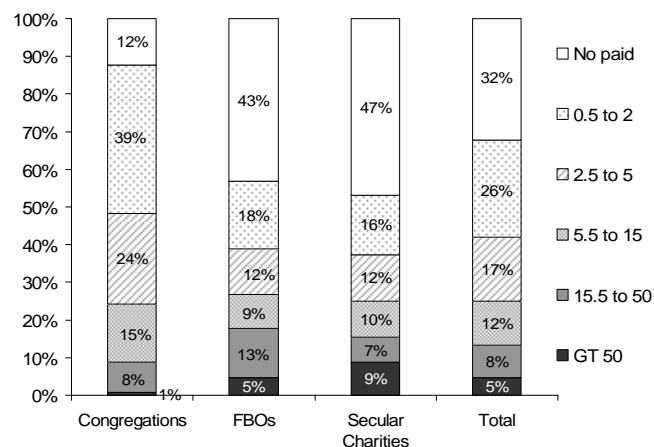
Figure 14: Change in donations for religious and charitable nonprofits over the last three years (n=841)



Human Resources: Nonprofits require human resources—paid and/or volunteer staff—to carry out their missions. Analyzing the number and types of human resources upon which nonprofits rely gives us a sense of their capacity to provide programs and services. It also indicates the relative sizes of the organizations.

- **Paid Staff:** Many of Indiana's religious and charitable nonprofits do not have any paid full-time equivalents (FTEs).¹⁸ This is the case for nearly one-third (32 percent). The median religious or charitable nonprofit has 1.5 FTEs; 75 percent have less than 6 FTEs.
 - Congregations are more likely than other religious and charitable organizations to have paid staff. Nearly all (88 percent) congregations report that they have at least one part-time paid staffer, compared to 57 percent of other FBOs and 53 percent of secular charities. See Figure 15.

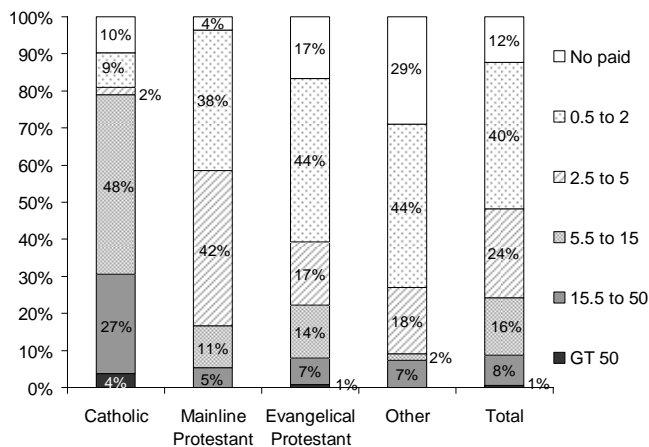
Figure 15: Number of paid staff, by organization type (n=979)



¹⁸ We computed the number of paid FTE staff by summing the number of full-time plus one-half the number of part-time employees reported by respondents. It is only a rough estimate of actual staff capacity, since some part-time staff may work almost at the full-time level and others very few hours per week or per month. Respondents were asked to report both the number of full-time and part-time employees; however, in cases where they reported only the number of full-time or only the number of part-time employees, we assumed that the non-reported value was zero for purposes of calculating the total FTE staff.

- On the other hand, congregations are not as likely to have large numbers of paid employees. Almost one-tenth (9 percent) of secular charities have staff sizes of more than 50, compared to only 1 percent of congregations.
- *Differences among Congregations:* Catholic congregations tend to employ greater numbers of paid staff than other types of congregations. Nearly four-fifths (79 percent) of Catholic congregations employ 5.5 or more FTE staff members, (including 31 percent who employ more than 15.5 FTEs). See Figure 16.

Figure 16: Number of paid FTE staff, by congregation type (n=452)



- **Volunteers:** Volunteers (not including board members) are crucial to Indiana's religious and charitable nonprofits. Over four-fifths (83 percent) report that they use volunteers other than board members, with congregations significantly more likely to use them (93 percent) than other FBOs or secular charities (76 percent each). See Figure 17.

- Three quarters (76 percent) of religious and charitable nonprofits indicate that volunteers are important, very important, or essential to their missions.
- Congregations are again particularly likely to say that volunteers play an important role. Nearly all (93 percent) report that volunteers are important, very important, or essential. See Figure 18. This is true regardless of differences in theological tradition.

Figure 17: Use of volunteers by religious and charitable nonprofits, by organization type (n=998)

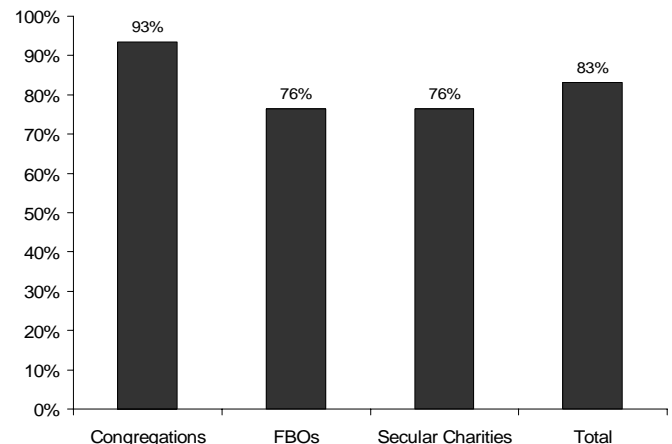
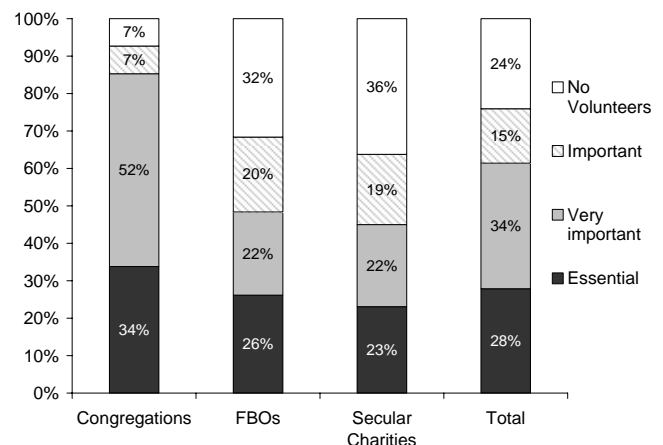


Figure 18: Importance of volunteers for religious and charitable nonprofits, by organization type (n=974)

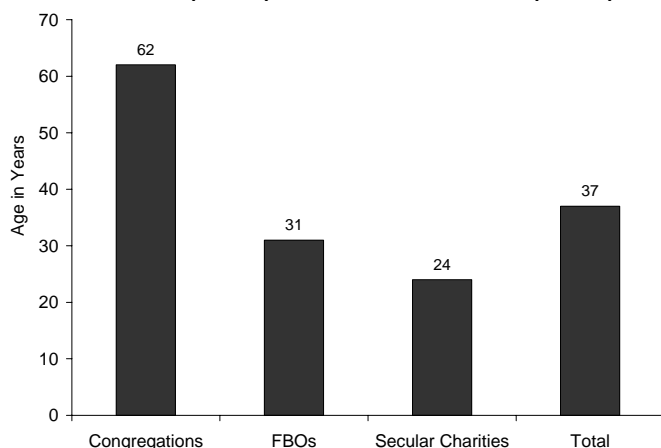


- *Overall Assessment:* More detailed analyses confirm that after controlling for organizational size, age, and location, secular charities are relatively less likely than congregations and other FBOs to indicate that volunteers are very important or essential.

Age: The number of years an organization has been operating is useful to assess as a basic organizational characteristic. It takes time to develop organizational routines and establish visibility. The year in which a nonprofit was founded is also important to consider, as the environment in which older nonprofits were founded is likely very different from the environment in which they find themselves today and as most organizations find it difficult to make significant changes to their core characteristics.

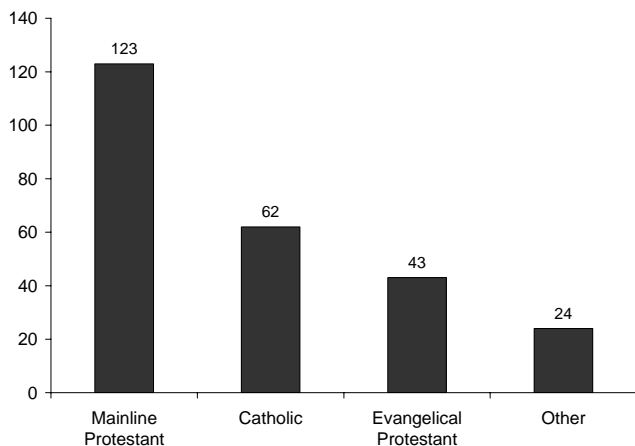
- Religious or charitable nonprofits in Indiana were founded a median of 37 years ago. On average, congregations are significantly older than both other FBOs and secular charities. Figure 19 shows that the median age of congregations is 62 years compared to only 31 years for other FBOs, and 24 years for secular charities in the state.

Figure 19: Median age of congregations (n=456), other FBOs (n=198), and secular charities (n=324)



- Congregations:** Mainline Protestant congregations are generally older than evangelical Protestant, Catholic, and other congregations. The median age of mainline Protestant congregations is 123 years—twice the median age for Catholic congregations (62 years), and triple the median age for evangelical Protestant (43 years) and other (24 years) congregations. See Figure 20.

Figure 20: Median age in years of evangelical Protestant (n=231), mainline Protestant (n=156), Catholic (n=47), and other (n=22) congregations



III. PROVISION OF HEALTH OR HUMAN SERVICES

Congregations are the most likely of the organizations examined here to report that they provide health or human services; however, they are the least likely to receive government funds. They are also the least likely to say that they will seek them in the future.

In 1996, the “Charitable Choice” provision of the welfare reform act sought to promote faith-based providers of human services. According to the provision, religious organizations that provide human services may receive government funds and contracts without restrictions on displays of faith or religious symbols. However, they are not allowed to use government funding for proselytizing or similar sectarian purposes.

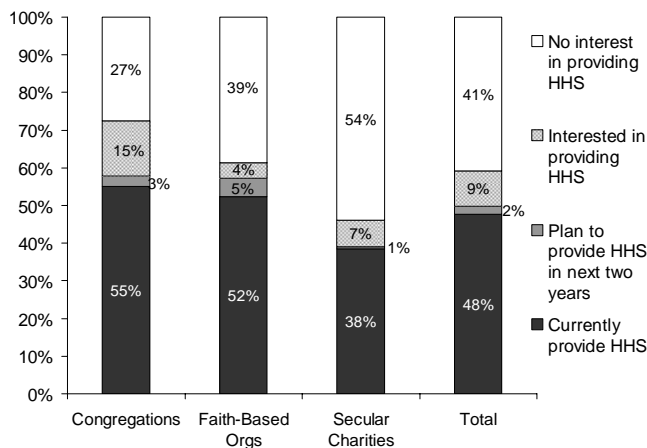
In this section we shift our analysis to include not only differences among types of religious and charitable nonprofits, but also among those that do and do not provide health or human services¹⁹ in order to address issues of management capacities related to the “Charitable Choice” provision. We again examine differences among congregational types, when significant. We focus only on the religious sector—congregations and other FBOs—when examining awareness of “Charitable Choice” and likelihood to seek government funding in the future.

Health or Human Services: The question of whether or not Indiana’s religious and charitable sector provides programs in health or human services is important in light of recent policy debates concerning “Charitable Choice.” Here we examine the current provision of health or human services by Indiana religious and charitable nonprofits.

¹⁹ Several key survey questions referenced both health and human services because the boundary between the two is increasingly blurred; however, our graphs refer only to “human services” in order to simplify their appearances. Respondents were told that we defined human services to include: social services/counseling; public safety/disaster relief; crime/legal services; employment/job training; housing; food/nutrition; youth development; and recreation. Health care services included health care/health treatment; treatment for diseases/disorders, health research/prevention; and mental health/crisis intervention. See Question 14 in Appendix A for the actual wording of the question.

- **Provision of Health or Human Services:** Approximately one-half (48 percent) of Indiana's religious and charitable nonprofits currently provide some type of health or human services program. Two percent report that they plan on providing it in the next two years, while 9 percent are interested in providing it at some point in the future. Two-fifths (41 percent) say they have no interest in providing health or human services at all. See Figure 21. (The latter three groups include nonprofits primarily involved in arts, culture, humanities; education; environment and animals; international affairs; public benefit activities; religion; or mutual benefits.)

Figure 21: Percent of religious and charitable nonprofits that provide health or human services programs, by organization type (n=2,087)

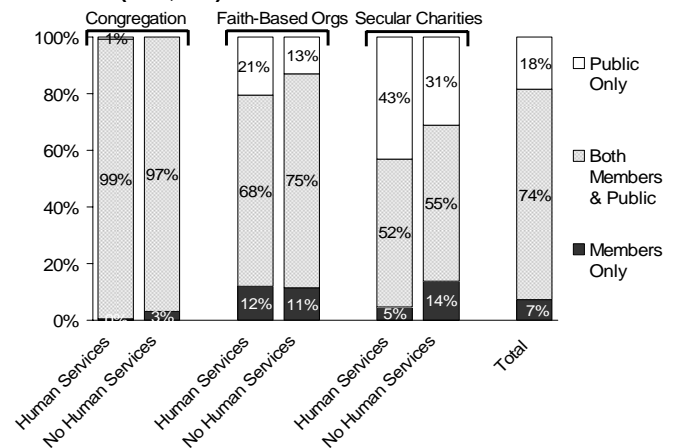


- Congregations (55 percent) and other FBOs (52 percent) are more likely to report that they currently provide health or human services than secular charities (38 percent).
- Congregations are also more likely to express interest in providing health or human services at some point (15 percent), with no significant difference among types of congregations.
- The majority of secular charities (54 percent) say that they have no interest in providing health or human services.
- **Service Orientation:** As we found above, the majority of religious nonprofits and about two-fifths of secular charities currently provide some form of health or human services. Here we examine whether

their services in general are targeted inwardly towards their own members, outwardly towards the general public, or a mix of both.

- Overall: Three-fourths (74 percent) of religious and charitable nonprofits target their services to both their own members and the general public. One-fifth (18 percent) target the general public only, and 7 percent target members only. See Figure 22.

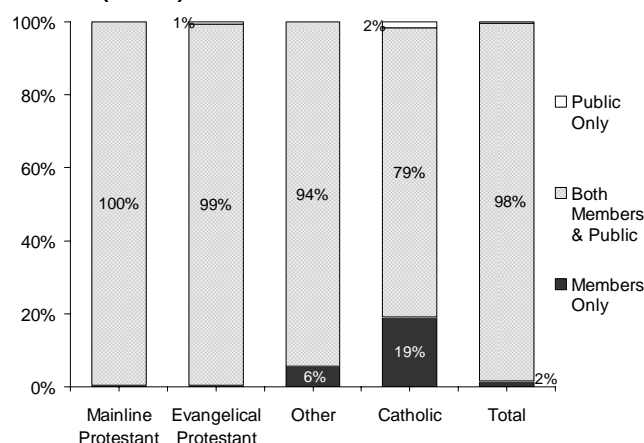
Figure 22: Service orientation by type of organization (n=1,011)



- Secular Charities: Secular charities that provide health or human services have the most outward service focus. Over two-fifths (43 percent) serve only the general public. Those that do not provide health or human services also have more of an outward focus than other organizations in the religious and charitable sector (31 percent vs. 18 percent overall).
- Faith-Based Orgs: The majority of other FBOs that provide health or human services target both members and the public (68 percent); however, more than one in ten (11-12 percent) say they focus inwardly, serving members only.
- Congregations: Nearly all congregations say they target services to both their own members and the general public, with no difference between those that provide health or human services and those that do not.
- Differences among Congregations: Among congregations, there is some notable variation in

service orientation. Nearly one-fifth (19 percent) of Catholic congregations report that their programs are targeted towards their own members only, while four-fifths (79 percent) target both members and the general public. See Figure 23.

Figure 23: Service orientation by type of congregation (n=468)



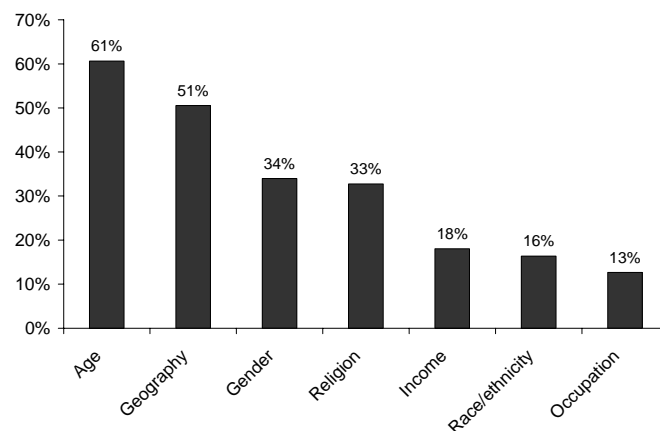
- We speculate that the presence of well-established Catholic charities in larger metropolitan communities may alleviate the need for Catholic congregations to provide direct services themselves, allowing them to focus instead on providing financial support to Catholic service institutions.

- **Service Targets:** We would expect that organizations that provide health or human services target disadvantaged groups. Here we examine the target groups identified by religious and charitable nonprofits.

- **Overall:** Religious and charitable nonprofits are most likely to say that they target their programs and activities to people of a certain age (61 percent). A slim majority also say they target certain geographic areas (51 percent). About one-third target people of a particular gender (34 percent) or religious faith (33 percent). Smaller minorities target their programs to a particular income level (18 percent), race or ethnic group (16 percent) or occupation (13 percent). See Figure 24.
- We find significant variation in the degrees to which congregations, other FBOs and secular

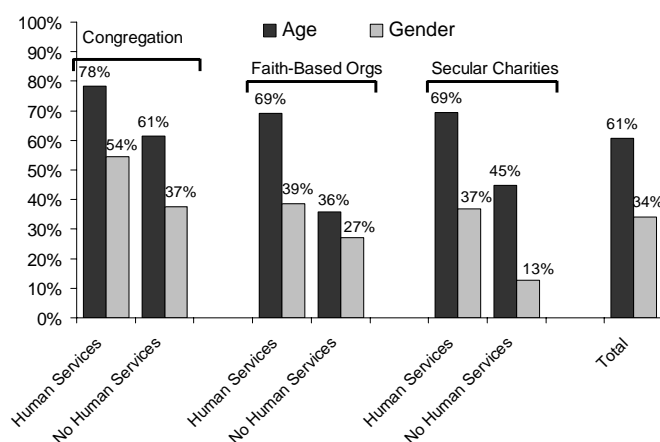
charities target programs by age, gender, income and religion.

Figure 24: Percent of religious and charitable nonprofits with selected service targets (n=1,106-1,110)



- **Age:** Religious and charitable nonprofits that provide health or human services are more likely to target their programs to a particular age group, such as youth or elderly, than those that do not provide such services. Congregations that provide health or human services are the most likely to target in such a manner (78 percent); however, other FBOs and secular charities that provide health or human services are also highly likely to do so (69 percent each). See Figure 25.

Figure 25: Percent of religious and charitable nonprofits that target programs by age and gender, by organization type (n=963)

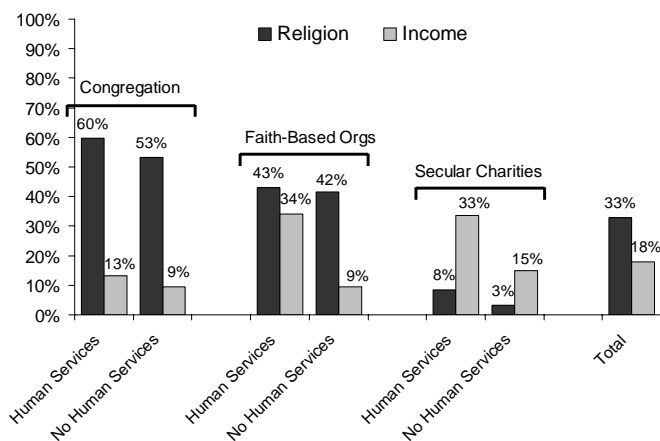


- **Gender:** Again, religious and charitable nonprofits that provide health or human services are more likely to target their programs to a particular gender than those that do not. Congregations

that provide health or human services are the most likely to target gender groups (54 percent) while secular charities that do not provide health or human services are the least likely (13 percent).

- **Religion:** As we would expect, congregations are most likely to target their programs to people of a particular faith, with no difference between those who do and do not provide health or human services. However, it is somewhat surprising that only 60 percent report such targets rather than a more substantial majority. See Figure 26.

Figure 26: Percent of religious and charitable nonprofits that target programs by religion and income, by organization type (n=960-964)

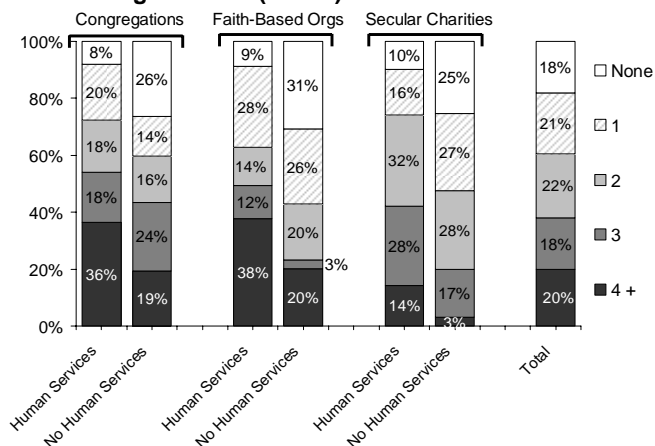


- **Income:** We assume that programs targeted toward people of a particular income are targeted towards those with a low income.²⁰ Other FBOs and secular charities that provide health or human services are the most likely to target by income (34 percent and 33 percent). Congregations are relatively unlikely to do so, regardless of whether or not they provide health or human services.
- **Service Scope:** By counting the number of groups that organizations target we can get an

idea of whether they have a broad range of programs and services, or whether they focus more narrowly on one or two specific groups.

- As shown in Figure 27, religious and charitable nonprofits that provide health or human services tend to have more service targets than those that do not.

Figure 27: Number of service targets reported, by type of organization (n=481)



- We also find that congregations and other FBOs that provide health or human services tend to have a greater number of service targets than secular charities. A majority of these congregations (54 percent) and half of these other FBOs (50 percent) report 3 or more service targets. In contrast, 60 percent of secular charities that provide health or human services have between 2 and 3 service targets and only 14 percent target 4 or more types of groups.

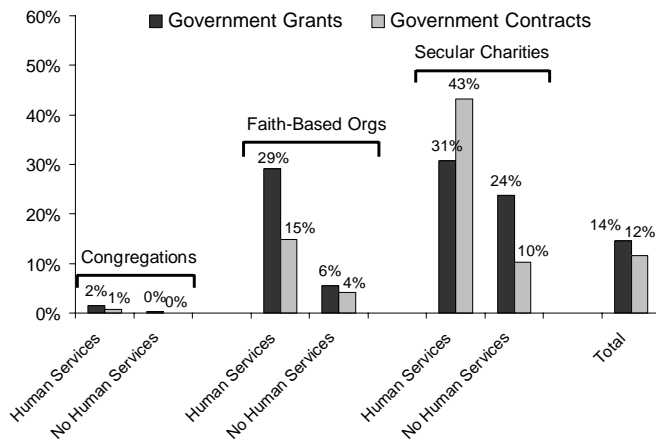
Government Funds: The “Charitable Choice” provision allowed religious organizations to compete for government contracts and funds without limiting their displays of religious symbols or activities. We analyze the extent to which religious and charitable nonprofits in Indiana utilize public funds.

- **Government Grants and Contracts:** Public funds can be distributed in the form of grants to nonprofits, or organizations can secure government contracts to provide needed services. In this section we compare the receipt of government funds among types of organizations as well as by whether or not they provide health or human services.

²⁰ Open-ended responses to the question about which income groups were targeted show that most respondents identified low income groups. Fewer congregations did so than other FBOs or secular charities, but these differences are not statistically significant.

- *Overall*: Only 14 percent of religious and charitable nonprofits receive government grants and 12 percent have government contracts. See the “Total” bar in Figure 28.²¹

Figure 28: Percent of religious and charitable nonprofits that receive government grants or contracts, by organization type (n=899-898)



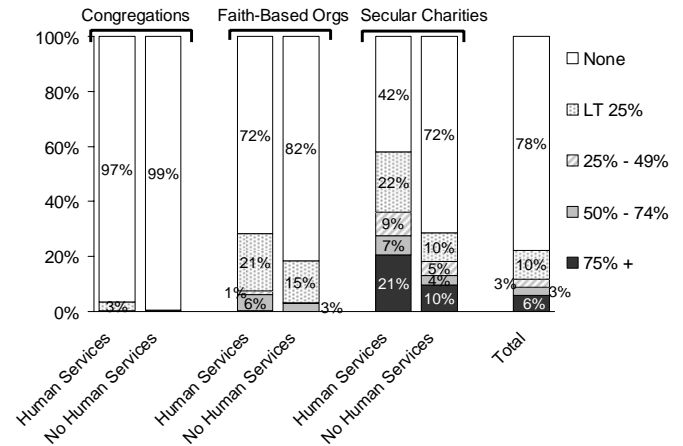
- *Secular Charities*: Secular charities that provide health or human services are the most likely to receive government funds in the form of grants (31 percent) or contracts (43 percent).
- *Faith-Based Orgs*: Other FBOs that provide health or human services are also more likely to receive government grants (29 percent); however, only 15 percent have government contracts.
- *Congregations*: Almost no congregations report such public funds, regardless of whether or not they provide health or human services and regardless of theological tradition.

- **Percent Government Funding**: Earlier we saw that the majority (53 percent) of religious and charitable nonprofits rely primarily on donations for funding (see Figure 11). Only 7 percent of religious and charitable nonprofits depend on government for more than half of their revenues.

- *Overall*: Only 3 percent of religious and charitable nonprofits say that government funds account for 50 to 74 percent of revenues, while

only 6 percent say they account for 75 percent or more of revenues. See Figure 29.

Figure 29: Percent of revenue generated through government funding, by organization type (n=924)

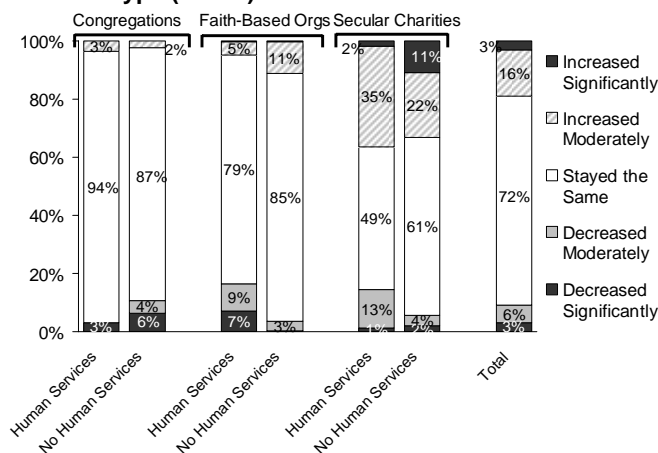


- *Secular Charities*: Regardless of whether or not they provide health or human services, secular charities are more likely to depend on government funds than congregations or other FBOs. Over one fifth (21 percent) of secular charities that provide health or human services depend on government funds for 75 percent or more of their revenue.
- *Faith-Based Orgs*: Other FBOs are less likely to depend on government funds. Only 6 percent of other FBOs that provide health or human services rely on public funds for 50-74 percent of their revenue. Almost three-fourths (72 percent) receive no government funds at all.
- *Congregations*: Only 3 percent of congregations that provide health or human services report any reliance on government funds, and those that do say they account for less than 25 percent of revenues. There are no differences among types of congregations.
- **Changes in Government Funding**: Government-generated revenues stayed the same for the great majority of religious and charitable nonprofits (72 percent), but varied notably according to type.
 - *Secular Charities*: Some 37 percent of secular charities that provide health or human services report that government revenue sources in-

²¹ We caution that our survey was completed in 2002 and that some of these patterns may have changed since then.

creased in the previous three years. About half (49 percent) say that it stayed the same, and 14 percent say it decreased. See Figure 30.

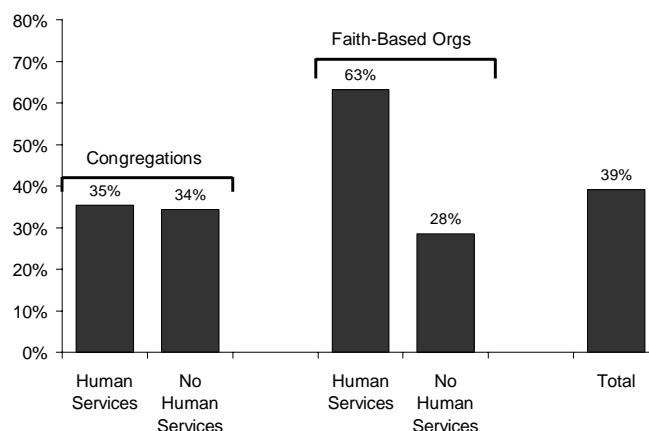
Figure 30: Change in government funding, by organization type (n=489)



- Interestingly, secular charities that do not provide health or human services are more likely to report significant increases (11 percent) in government funds. However, they are also more likely than secular charities that do provide health or human services to report that government revenues stayed the same overall.
- Faith-Based Orgs and Congregations:** The vast majority of congregations and other FBOs receive no government funding; therefore, it is no surprise that nearly all of them say that revenues from government funding stayed the same.
- It is interesting to note, however, that 16 percent of other FBOs that provide health or human services say that government funding decreased in the prior three years.
- Awareness of “Charitable Choice”:** According to the “Charitable Choice” initiative, religious nonprofits such as congregations and other FBOs can compete for government funds and contracts with secular nonprofits, with fewer restrictions than was previously the case. We asked religious nonprofits whether they are aware of a national initiative that would make it easier for religious organizations to apply for government money to support health or human services programs. Overall, about two-fifths (39 percent) of religious nonprofits report such awareness.

- Faith-Based Orgs:** Other FBOs that provide health or human services are the most likely to be aware of “Charitable Choice.” Nearly two-thirds (63 percent) say that they are aware of it, compared to 28 percent of other FBOs that do not provide health or human services. See Figure 31.

Figure 31: Percent of religious nonprofits that are aware of “Charitable Choice”, by type (n=645)

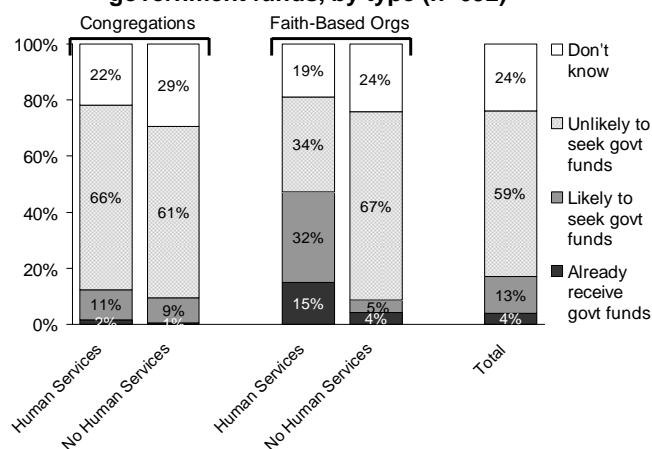


- Congregations:** Roughly one-third (34-35 percent) of congregations are aware of “Charitable Choice,” with no difference between those that provide health or human services and those that do not.
- Likelihood to Seek Government Funding:** We also asked religious nonprofits whether or not they were likely to seek government funds in the future. Interestingly, those who report awareness of “Charitable Choice” are no more likely to seek public funding for health or human services. In addition, those who currently provide health or human services are no more likely to seek public funds.
- Overall:** The majority of religious nonprofits say they are either unlikely to seek government funds (59 percent) or are unsure whether they would or not (24 percent). See last column in Figure 32.²²

²² See Question 21C in Appendix A for actual wording of question. For this analysis we coded responses of “probably will” or “definitely will” as “likely to seek government funds;” we coded responses of “probably will not” and “definitely will not” as “unlikely to seek government funds.”

- **Faith-Based Orgs:** Other FBOs that provide health or human services are disproportionately more likely to say that either they already receive government funds (15 percent) or are likely to seek them in the future (32 percent).

Figure 32: Percent of religious nonprofits that will seek government funds, by type (n=692)



- **Congregations:** Congregations are relatively unlikely to seek government funds, regardless of whether they provide health or human services or not, and regardless of theological tradition.

IV. MANAGEMENT CHALLENGES AND CAPACITIES

When given a list of 17 possible management challenges, Indiana's religious and charitable nonprofits are most likely to indicate that issues related to program management and delivery—such as attracting new members and clients and meeting their needs, strategic planning, and delivering quality programs—are major challenges. Obtaining funding is also frequently identified as a major challenge. Challenges related to board members and staff are relatively minor in comparison.

Indiana religious and charitable nonprofits also have certain capacities and resources that help them address the challenges they face. Some of these are technological, such as computers, Internet access, and computerized financial and membership records; others are financial, such as recently completed audits or reserves dedicated to maintenance or capital needs. Although many nonprofits possess these resources, a surprisingly high proportion does not.

Generally, there are not many differences among Indiana's congregations in the extent to which they identify certain issues as challenges or possess management resources to address these challenges. However, when there are differences, Catholic congregations consistently appear more formalized than evangelical and mainline Protestant congregations.

In this section we assess the challenges that Indiana's religious and charitable nonprofits face – or at least that are salient to them. We also look at the management capacities that these organizations have acquired to help them deal with these challenges, while recognizing that having access to these capacities may also make nonprofits more aware of what still needs to be done.

We continue to distinguish between religious and charitable nonprofits that provide health or human services and those that do not. We do this in order to assess whether or not religious organizations, targeted by the "Charitable Choice" provision, face similar challenges and have similar capacities as their secular counterparts.

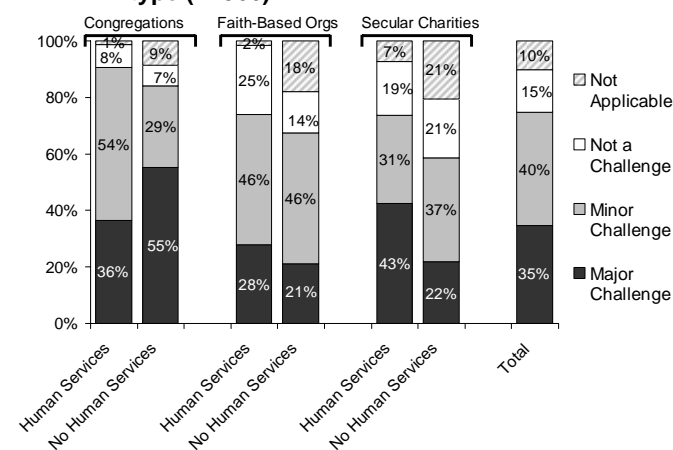
Because a variety of factors such as size, age, or location, may contribute to why some nonprofits face challenges or possess certain capacities, we undertake a more sophisticated multivariate analysis. This allows us to

determine which factors remain important when considered in combination with one another. As we explained earlier in the methodological note on p. 11, for the sake of simplifying our presentation, all figures in this section are based on simple bivariate analysis. However for any instances when organizational type is still significant after controlling for these other factors, we again highlight that in the text following the heading “Overall Assessment.”

Program Management: Delivering high quality services, evaluating outcomes, and dealing effectively with clients and members are all key components of managing programs effectively. A majority of Indiana’s religious and charitable organizations indicate that accomplishing these tasks is challenging. Importantly, of the 17 challenges we review in this analysis, the state’s religious and charitable nonprofits are most likely to consider issues related to program management as major challenges.

- **Challenge: Delivering High Quality Programs and Services.** Delivering high quality programs and services is a major challenge for 35 percent of Indiana’s religious and charitable nonprofits; it is a minor challenge for another 40 percent. The rest say it is not a challenge (15 percent) or not applicable (10 percent) to their organization. See the “Total” bar in Figure 33.

Figure 33: Percent of religious and charitable nonprofits that indicate delivering high quality programs and services is a challenge, by organization type (n=966)

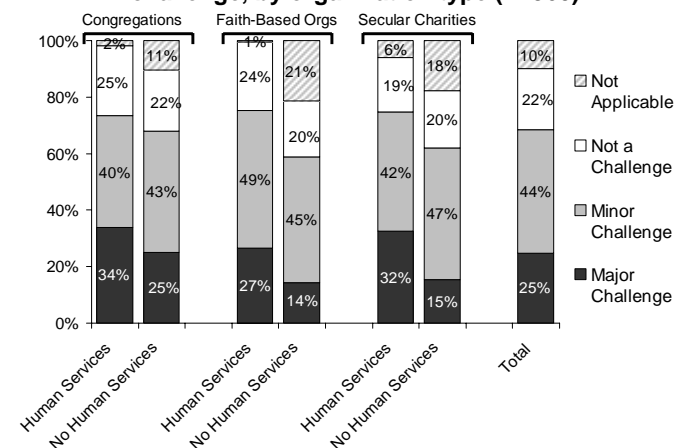


- More than one-half (55 percent) of the congregations that do not provide health or human ser-

vices indicate that delivering high quality programs and services is a major challenge for their organization.

- As we might expect, religious and charitable nonprofits that do not provide health or human services are more likely to note that delivering high quality programs and services is not applicable to their organization than those that do provide them.
- **Overall Assessment:** Congregations that do not provide health or human services are significantly more likely than other types of nonprofits to find delivering high quality programs and services to be a challenge, even after we control for the location, size, and age of the organization.
- **Challenge: Evaluating Program Outcomes.** A majority of religious and charitable nonprofits also view program evaluation as a challenge. On average, nearly 7 in 10 (69 percent) say it is a challenge (including 25 percent who say it is a major challenge). See Figure 34.

Figure 34: Percent of religious and charitable nonprofits that indicate evaluating program outcomes is a challenge, by organization type (n=960)

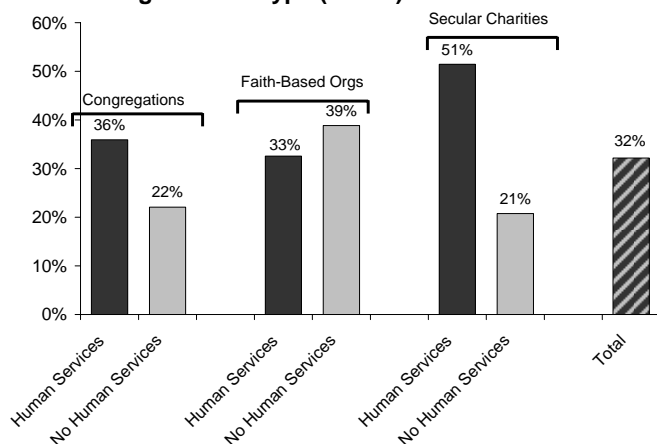


- Religious and charitable nonprofits that provide health or human services are disproportionately likely to identify program evaluation as a major challenge.
- **Overall Assessment:** The odds of identifying program evaluation as a major challenge are particularly low for other FBOs that do not provide

health or human services (in comparison to other types of religious and charitable nonprofits). This is so even after controlling for other organizational characteristics, such as age, size, and location.

- **Capacity: Recent Program Evaluation.** Regardless of their views on whether it is a challenge, only one-third (32 percent) of religious and charitable nonprofits have completed an evaluation of program outcomes or impacts within the last two years. See the last bar in Figure 35.

Figure 35: Percent of religious and charitable nonprofits that have had an evaluation of program outcomes/impacts within the past two years, by organization type (n=980)

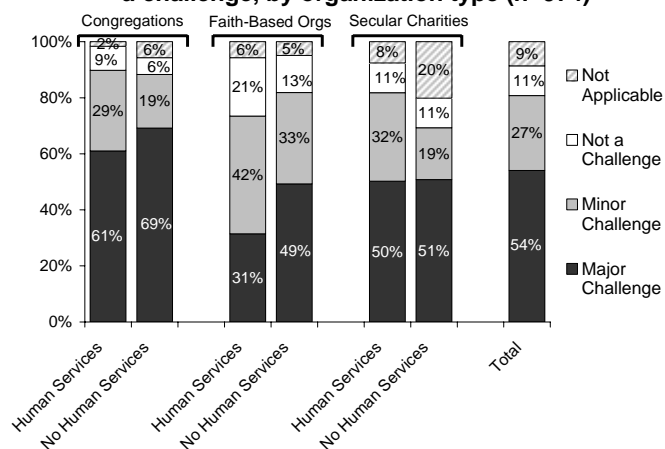


- Secular charities that provide health or human services are the most likely type of organization to report that they completed a recent program evaluation (51 percent). The odds of having done so increase by a factor of more than two for these nonprofits in comparison to the other types.
- Congregations (22 percent) and secular charities (21 percent) that do not provide health or human services are the least likely to have completed program evaluations within the last two years, but only about a third of congregations (36 percent) and other FBOs (33 percent) that do provide such services have undertaken a recent program evaluation.

- **Challenge: Attracting New Members/Clients.** On average, attracting new members and clients is a ma-

jor challenge for more than one-half (54 percent) of the religious and charitable nonprofits in the state. No other program-related issue appeared to pose such a significant challenge to so many of the organizations. It is a minor challenge for one-quarter (27 percent), and is not a challenge (11 percent) or not applicable (9 percent) to the rest. See the last bar in Figure 36.

Figure 36: Percent of religious and charitable nonprofits that indicate attracting new members/clients is a challenge, by organization type (n=974)



- Attracting new members is particularly challenging for congregations, regardless of whether or not they provide health or human services. They are more likely than other FBOs and secular charities to identify this as a major challenge.
- **Overall Assessment:** Even after controlling for the size, age, and location of the organization, other FBOs that provide health or human services are relatively unlikely to say that attracting new members is a major challenge.
- **Differences among Congregations:** While a majority of congregations in Indiana view attracting new members as a major challenge, only 9 percent of respondents from Catholic congregations report similarly, and 29 percent say that the question does not apply to them. See Figure 37.

- **Challenge: Communicating with Members or Clients.** Indiana's religious and charitable nonprofits do not differ in the challenges they report in communicating with members or clients. It is a major challenge for one-fifth (22 percent) and a minor

challenge for just under one-half (46 percent). See Figure 38.

Figure 37: Percent of congregations that indicate attracting new members/clients is a challenge, by congregation type (n=449)

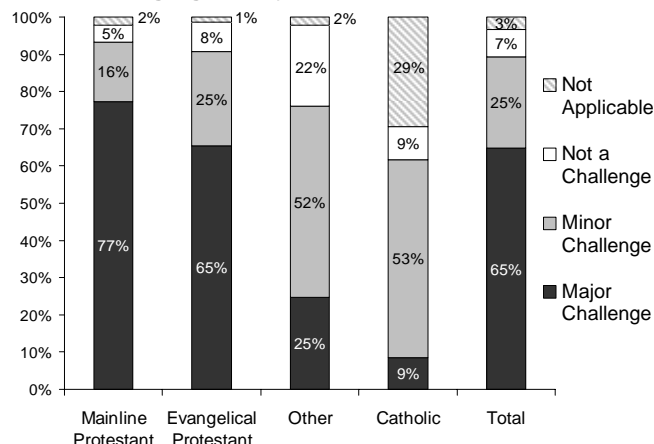
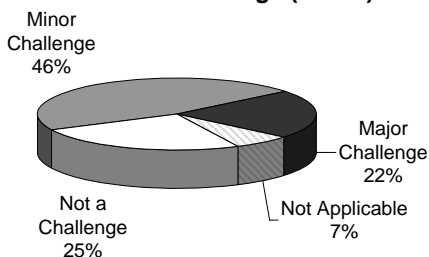


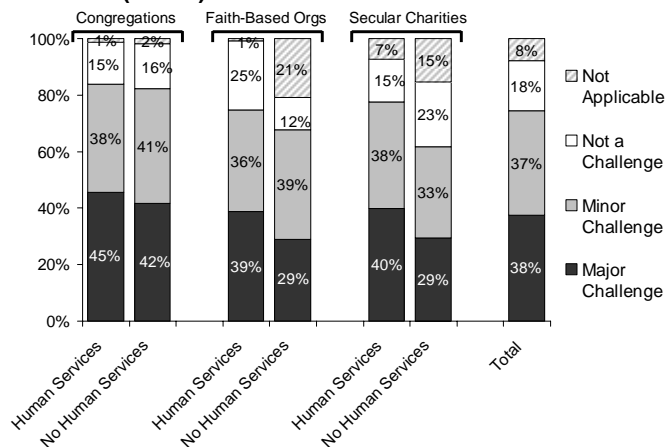
Figure 38: Percent of religious and charitable nonprofits that indicate communicating with members/clients is a challenge (n=958)



- **Challenge: Meeting the Needs of Members/ Clients.** Religious and charitable nonprofits are quite likely to say that meeting the needs of their members or clients is a challenge. Thirty-eight percent identify it as a major challenge and another 37 percent view it as a minor challenge. See the “Total” bar in Figure 39.

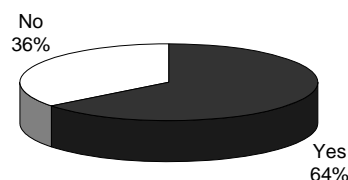
- There are only slight, but statistically significant, variations among the different types of religious and charitable nonprofits in how they view this challenge. The most substantial deviations are with other FBOs and secular charities that do not provide health or human services—these types of organizations are especially likely to note that meeting the needs of members and clients is not applicable to their organizations (21 percent and 15 percent respectively).

Figure 39: Percent of religious and charitable nonprofits that indicate meeting the needs of members/clients is a challenge, by organization type (n=964)



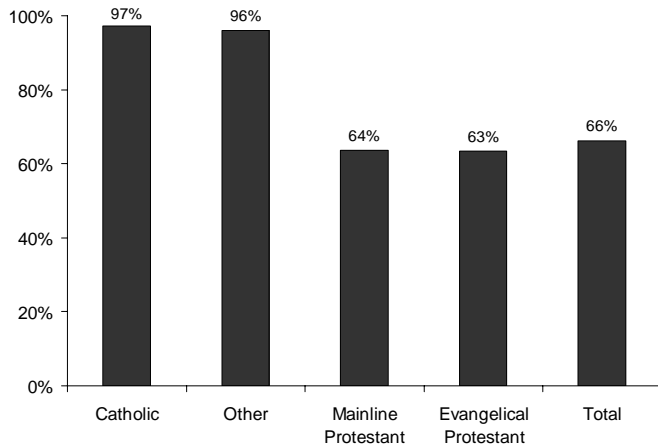
- **Capacity: Computerized Client/Member & Program Records.** Nearly two-thirds (64 percent) of religious and charitable nonprofits in Indiana have computerized client or member program records, with no significant difference among types of organizations. See Figure 40.

Figure 40: Percent of religious and charitable nonprofits that have computerized client/member program records (n=1,967)



- **Differences among Congregations:** There are significant differences in the percentages of congregations by theological traditions that have computerized client or member records. This is due primarily to the high likelihood that Catholic and other congregations will have this technology, 96 to 97 percent of which have computerized program records, compared to just 63 percent of evangelical and 64 percent of mainline Protestant congregations. See Figure 41. As we noted earlier, Catholic congregations tend to be larger than congregations from other faith traditions, suggesting that size may be an important driving force here.

Figure 41: Percent of congregations that have computerized client/member program records, by congregation type (n=457)

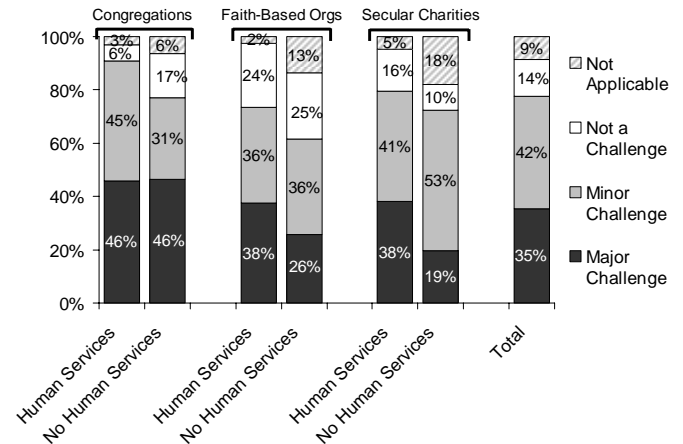


Governance: Strategic planning, forming/maintaining good relations with other entities, enhancing visibility, and obtaining funding are integral parts of good governance of an organization. Here we examine the extent to which religious and charitable nonprofits find these tasks challenging. We also evaluate their capacity to face governance challenges based on the availability of such important tools as an annual report, written governance policies, and written conflict of interest policies.

- **Challenge: Strategic Planning.** Nearly four-fifths (77 percent) of Indiana's religious and charitable nonprofits indicate that strategic planning is a challenge for their organization, including 35 percent who say it is a major challenge. This is one of the most frequently cited challenges.
 - Congregations (regardless of whether they provide health or human services) are more likely than other FBOs and secular charities to identify strategic planning as a major challenge. See Figure 42.
 - Religious and charitable nonprofits that do not provide health or human services are more likely than those that do to say that strategic planning is not applicable to their organization. This is especially the case for other FBOs and secular charities that do not provide health or human services. These latter two types of organizations are also less likely than their counterparts to identify strategic planning as a major challenge. We don't know for sure why there are such differences among those that provide health or hu-

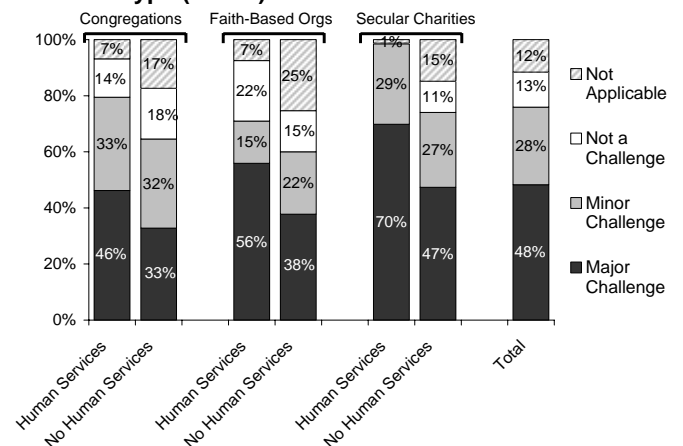
man services and those that don't, but speculate that the former have encountered more pressures from funders to undertake strategic planning.

Figure 42: Percent of religious and charitable nonprofits that indicate strategic planning is a challenge, by organization type (n=965)



- **Challenge: Obtaining Funding.** Obtaining financial resources is challenging for many of Indiana's religious and charitable nonprofits. It ranks as one of the most frequently identified concerns and is especially the case for secular charities that provide health or human services—70 percent report that it is a major challenge. See Figure 43.

Figure 43: Percent of religious and charitable nonprofits that indicate obtaining funding or other financial resources is a challenge, by organization type (n=969)

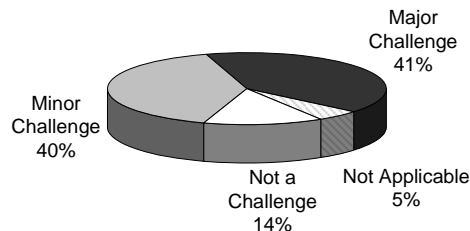


- As with other challenges, obtaining financial resources is particularly problematic for religious and charitable nonprofits that provide health or

human services. Correspondingly, a relatively large percentage of organizations that do not provide health or human services indicate that obtaining funding is not a challenge or not applicable to their organization.

- **Challenge: Enhancing Visibility or Reputation.** Enhancing the visibility or reputation of their organization is a challenge for most of Indiana's religious and charitable nonprofits. Two-fifths (41 percent) indicate that it is a major challenge and two-fifths (40 percent) identify it as a minor challenge. See Figure 44.

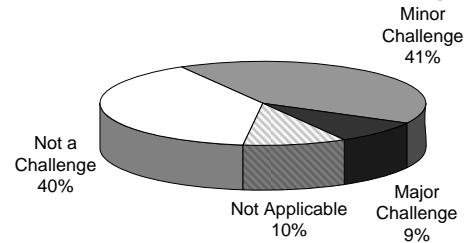
Figure 44: Percent of religious and charitable nonprofits that indicate enhancing the visibility/reputation of the organization is a challenge (n=973)



- For the most part, congregations, other FBOs, and secular charities do not substantially differ in how they regard this challenge.
- **Overall Assessment:** Further analyses show that congregations that do not provide health or human services are, in comparison to the other types of nonprofits, especially likely to consider enhancing their visibility or reputation a major challenge once we control for other organizational features, such as age, size, and location.

- **Challenge: Forming/Maintaining Good Relations with Other Entities.** Forming or maintaining good relations with other entities is one of the least challenging issues of the 17 management issues we address in this analysis. One in ten (9 percent) report that it is a major challenge and more than two-fifths (41 percent) identify it as a minor challenge. There are no statistical differences in the way that different types of organizations responded to this question. See Figure 45.

Figure 45: Percent of religious and charitable nonprofits that indicate forming or maintaining good relations with other entities is a challenge (n=966)



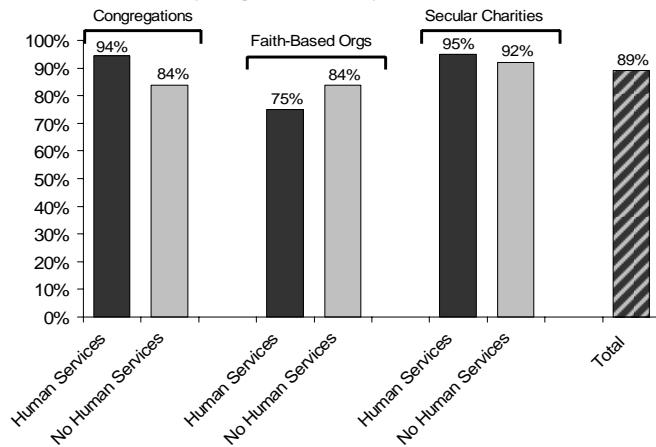
- **Capacity: Annual Report.** Producing annual reports allows nonprofits to take stock of their activities and to communicate their accomplishments to major constituency groups and the general public. Our analysis shows that annual reports are relatively commonplace. Nearly 8 in 10 (or 79 percent) of the state's religious and charitable organizations produced an annual report within the last year. This does not differ significantly among types of religious and charitable organizations. See Figure 46.

Figure 46: Percent of religious and charitable nonprofits that produced an annual report in the last year (n=991)



- **Capacity: Written Governance Policies or By-laws.** Nonprofits that have written governance policies or by-laws have codified their basic structure and established the ground rules for continuing to operate once founders or current members are no longer involved. The vast majority (89 percent) of nonprofits in Indiana's religious and charitable sector possess such policies. There are statistically, but relatively minor, differences among the various types of organizations. Congregations and secular charities are slightly more likely to have such policies while other FBOs are relatively less likely to have them. See Figure 47.

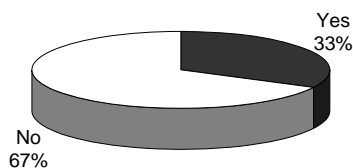
Figure 47: Percent of religious and charitable nonprofits that have written governance policies or by-laws, by organization type (n=992)



- **Capacity: Written Conflict of Interest Policy.**

Having a written conflict of interest policy indicates that the organization has seriously considered the role of trustees or key staff and volunteers and laid the ground rules to protect the interests of both the organization and those individuals. Written conflict of interest policies are not nearly as common as written governance policies. Only one-third (33 percent) of Indiana's religious and charitable organizations have written conflict of interest policies regardless of whether they are congregations, other FBOs or secular charities. See Figure 48.

Figure 48: Percent of religious and charitable nonprofits that have written conflict of interest policies (n=967)

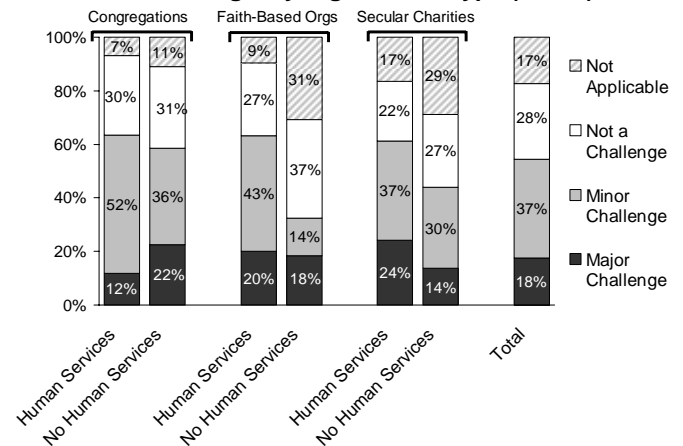


Human Resource Management: Any organization with employees must address issues related to staff or volunteer recruitment, training, and related tasks. Here we assess the challenges and capacities that are relevant to managing employees, volunteers, and board members.

- **Challenge: Recruiting/Keeping Qualified Staff.** Recruiting and keeping qualified staff is a challenge for just over one-half (55 percent) of the religious and charitable organizations in the state, but only 18

percent say it is a major challenge – a relatively small percentage compared to other issues we assessed.. See Figure 49.

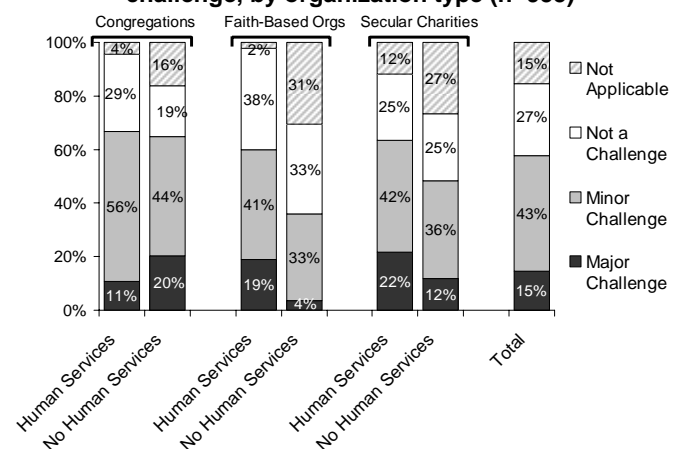
Figure 49: Percent of religious and charitable nonprofits that indicate recruiting/keeping qualified staff is a challenge, by organization type (n=970)



- Over one-half of the other FBOs (68 percent) and secular charities (56 percent) that do not provide health or human services report that recruiting or keeping qualified staff is not a challenge or is not applicable to their organization.

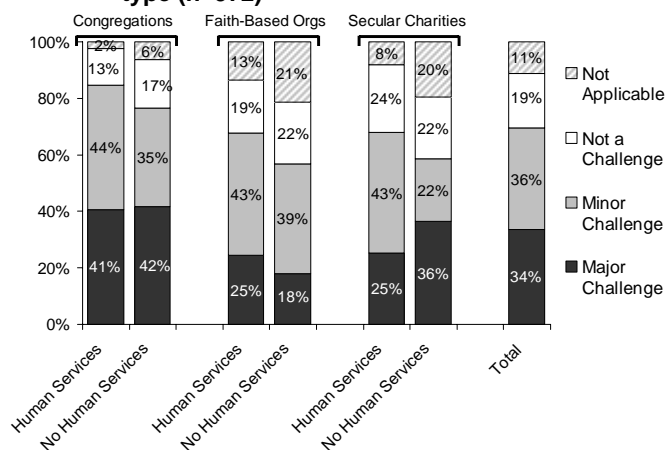
- **Challenge: Managing Human Resources.** The percentage that indicates managing human resources more generally is a challenge follows the same pattern as that illustrated in Figure 49. See Figure 50.

Figure 50: Percent of religious and charitable nonprofits that indicate managing human resources is a challenge, by organization type (n=955)



- **Challenge: Recruiting/Keeping Qualified and Reliable Volunteers.** Religious and charitable nonprofits in Indiana are almost twice as likely to identify keeping qualified volunteers as a major challenge (34 percent, see Figure 51) than to indicate keeping qualified staff members is a major challenge (18 percent).

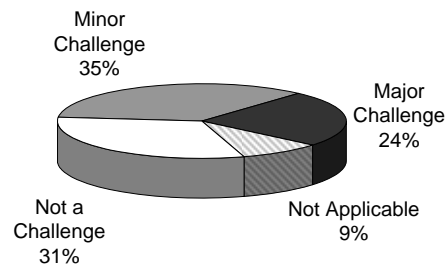
Figure 51: Percent of religious and charitable nonprofits that indicate recruiting/keeping qualified and reliable volunteers is a challenge, by organization type (n=972)



- The challenges in recruiting and keeping volunteers appear to be greater for congregations, especially those that provide health or human services. Secular charities and other FBOs are less likely to report that recruiting/keeping volunteers is a major challenge. This is in line with our earlier finding in Section 2 that congregations are more likely to find volunteers very important or essential to their missions.

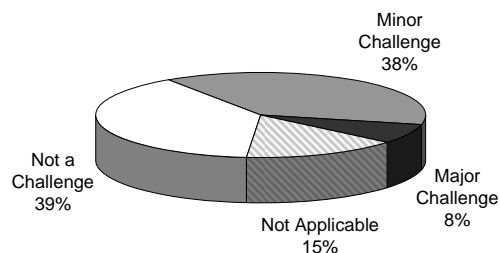
- **Challenge: Recruiting/Keeping Effective Board Members.** Recruiting or keeping effective board members is a major challenge for about one-quarter (24 percent) of Indiana's religious and charitable nonprofits. See Figure 52. This is smaller than the percentage that views recruiting or keeping volunteers as a problem, but greater than the percentage that identifies recruiting or keeping staff members as problematic. There is no statistical difference in the way congregations, other FBOs, and secular charities report these challenges.

Figure 52: Percent of religious and charitable nonprofits that indicate recruiting/keeping effective board members is a challenge (n=961)



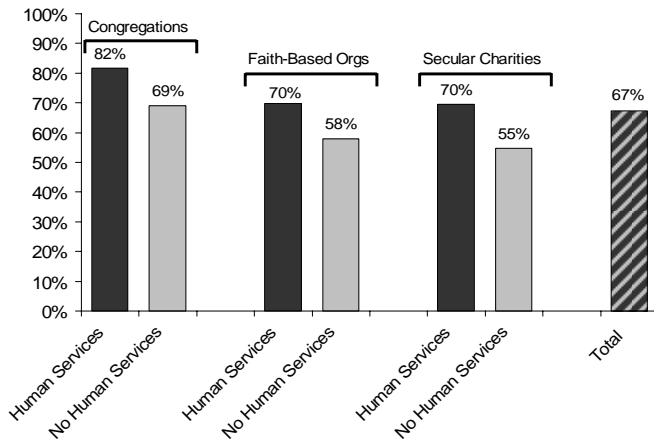
- **Challenge: Managing or Improving Board/Staff Relations.** Compared to other challenges, managing board and staff relations is a rather minor concern for most religious and charitable nonprofits. Over one-half indicate that it is not applicable (15 percent) or not a challenge (39 percent) for their organization. Two fifths (38 percent) say that it is a minor challenge while only 8 percent feel it is a major challenge. See Figure 53.

Figure 53: Percent of religious and charitable nonprofits that indicate managing or improving board/staff relations is a challenge (n=957)



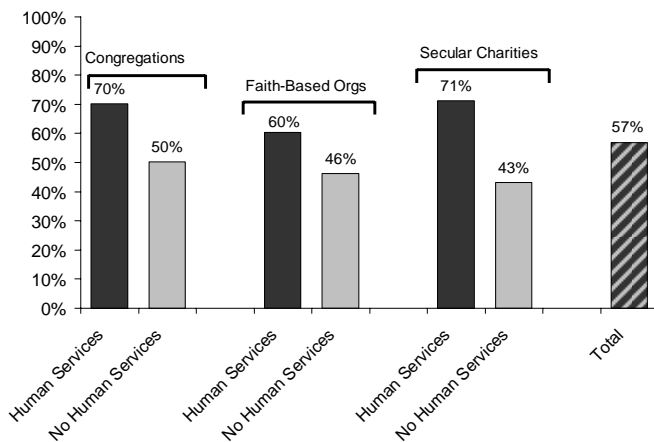
- **Capacity: Written Job Descriptions.** Clearly written job descriptions help to define expectations of employees and/or volunteers. They are also important to protect employer liability in hiring and firing practices. The state's religious and charitable nonprofits are slightly more likely to have written job descriptions (67 percent) than personnel policies (57 percent, shown below in Figure 55). Again, congregations that provide health or human services are most likely to have written job descriptions (82 percent). See Figure 54.

Figure 54: Percent of religious and charitable nonprofits that have written job descriptions, by organization type (n=993)



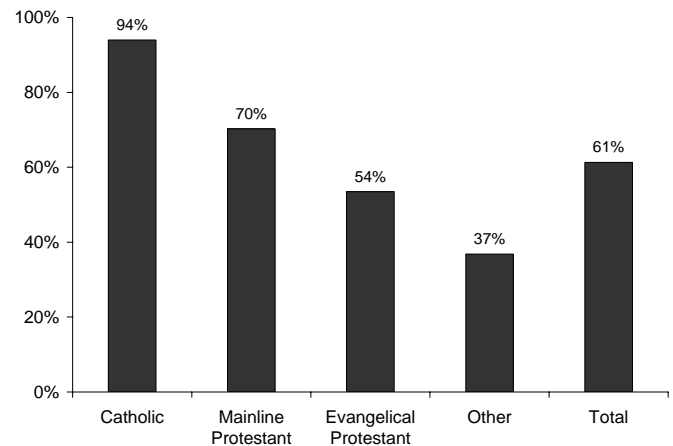
- **Capacity: Written Personnel Policies:** Personnel policies establish and codify basic workplace relationships both among staff members (paid or volunteers) and between staff members and the organization. Nearly 6 in 10 (57 percent) religious and charitable nonprofits have written personnel policies. As with most of the previously examined dimensions, nonprofits that offer health or human services are more likely than those that do not to have written personnel policies. See Figure 55.

Figure 55: Percent of religious and charitable nonprofits that have written personnel policies, by organization type (n=986)



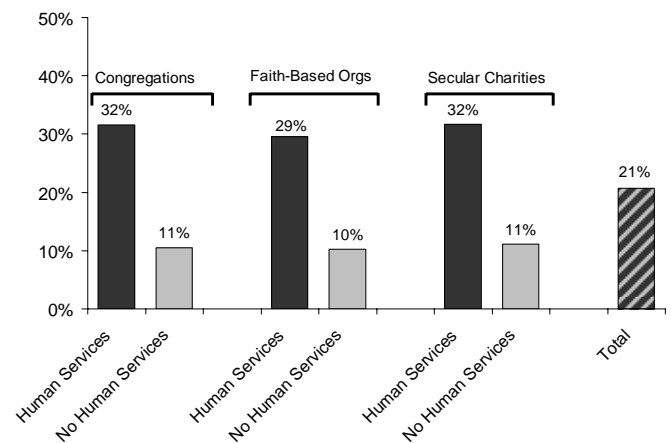
- **Differences among Congregations:** Respondents from Catholic congregations are much more likely than those from other congregations to indicate that they have written personnel policies. See Figure 56. We speculate that this may also reflect the larger size of Catholic congregations.

Figure 56: Percent of congregations that have written personnel policies, by congregation type (n=454)



- **Capacity: Formal Volunteer Recruitment Program.** On average, 1 in 5 (21 percent) religious and charitable nonprofits have formal volunteer recruitment programs. There is, however, a clear distinction between organizations that provide health or human services, which are disproportionately likely to have formalized programs, and organizations that do not provide health or human services, which are quite unlikely to have them. See Figure 57.

Figure 57: Percent of religious and charitable nonprofits that have a formal volunteer recruitment program, by organization type (n=988)

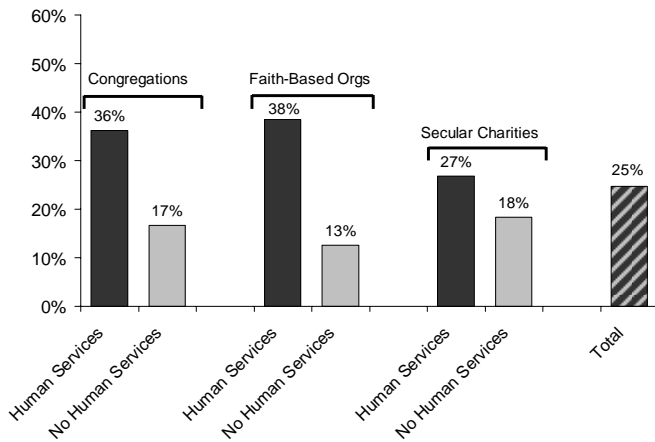


- **Overall Assessment:** After controlling for other factors, congregations that provide health or human services are considerably more likely than the other types of nonprofits to have formal recruitment programs; congregations without health or human services programs are substantially less likely to have these programs.

- **Capacity: Formal Volunteer Training Program.**

Only one-quarter of religious and charitable nonprofits have a formal volunteer training program. Similar to recruitment programs, volunteer training programs are most common for religious and charitable nonprofits that provide health or human services. See Figure 58.

Figure 58: Percent of religious and charitable nonprofits that have a formal volunteer training program, by organization type (n=981)

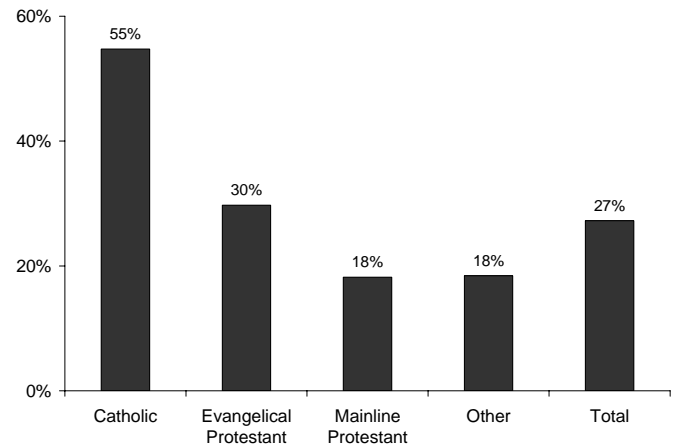


- **Overall Assessment:** The odds are high that congregations that provide health or human services (relative to the other types of nonprofits) have a formal training program, even after accounting for other organizational characteristics.
- **Differences among Congregations:** Different types of congregations also vary considerably in the extent to which they have formalized volunteer training programs. More than one-half (55 percent) of Catholic congregations report having formalized programs, compared to 30 percent of evangelical Protestants, 18 percent of mainline Protestants, and only 18 percent of other types of religious congregations. See Figure 59.

Information Technology: Information technology (IT) provides many benefits to nonprofit practitioners by helping to organize records and program information, communicate with other entities, retrieve up-to-date information from the World Wide Web, access grant information, and write and submit grant proposals. Here we examine the extent to which IT poses challenges as well as the availability of technology that is useful for external purposes, such as retrieving information from

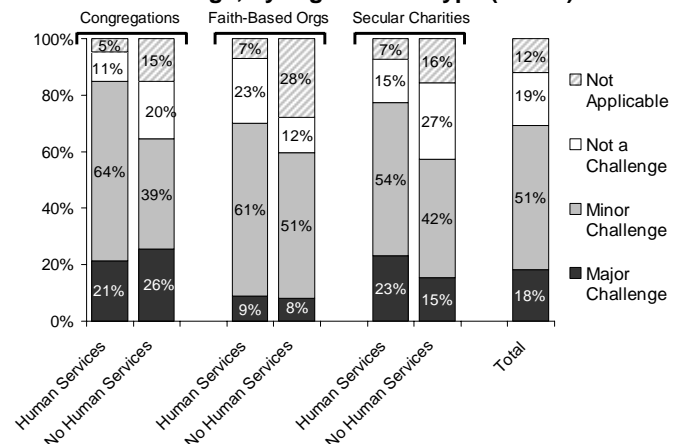
the Web and communicating with other entities electronically, or for internal purposes such as keeping track of finances or program participation.

Figure 59: Percent of congregations that have formal volunteer training program, by congregation type (n=451)



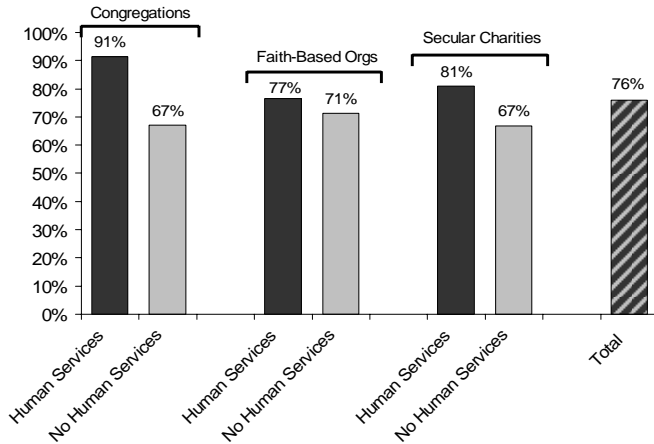
- **Challenge: Using IT Effectively.** Although many religious and charitable nonprofits consider it a challenge to use IT effectively, most do not view it as a major challenge. Congregations that provide health or human services are the most likely to name it as a challenge (85 percent). Organizations that do not provide health or human services are notably more likely to say that the question does not apply to them or that it is not a challenge. Other FBOs are less likely to name it a major challenge, regardless of whether they provide health or human services. See Figure 60.

Figure 60: Percent of religious and charitable nonprofits that indicate using information technology is a challenge, by organization type (n=964)



- **Capacity: Computers Available for Key Staff/Volunteers.** One of the most basic technological tools is a computer. Over three-quarters (76 percent) of Indiana's religious and charitable nonprofits have a computer available for key staff and volunteers. Nearly all (91 percent) congregations that provide health or human services have them. See Figure 61.

Figure 61: Percent of religious and charitable nonprofits that have computers available for key staff/volunteers, by organization type (n=996)



- **Overall Assessment:** After controlling for other organizational characteristics, congregations that provide health or human services stand out as especially likely to possess computer technology while congregations that do not provide health or human services are relatively unlikely.

- **Capacity: Computerized Financial Records.** On average, seven in ten (71 percent) religious and charitable nonprofits have computerized financial records, with notable variation among types. See Figure 62.

- **Overall Assessment:** Congregations that provide health or human services are the most likely to have computerized financial records (86 percent), even after accounting for variations in size, age, and location.

- **Capacity: Direct Internet Access for Key Staff/Volunteers.** One of the most basic information technology components required for external purposes is access to the Internet. On average, 65 percent of the state's religious and charitable nonprofits

have direct Internet access for key staff or volunteers. See Figure 63.

Figure 62: Percent of religious and charitable nonprofits that have computerized financial records, by organization type (n=994)

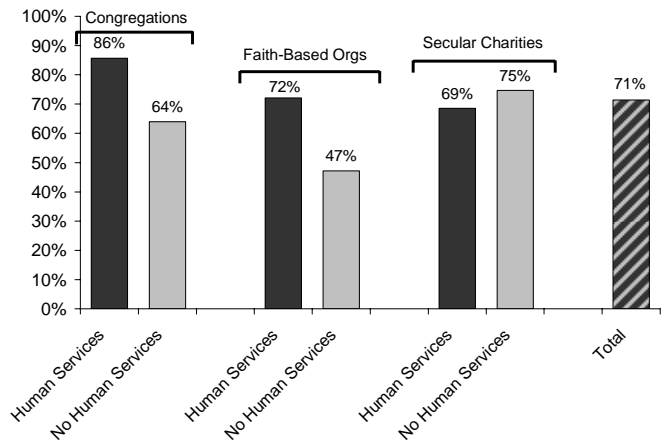
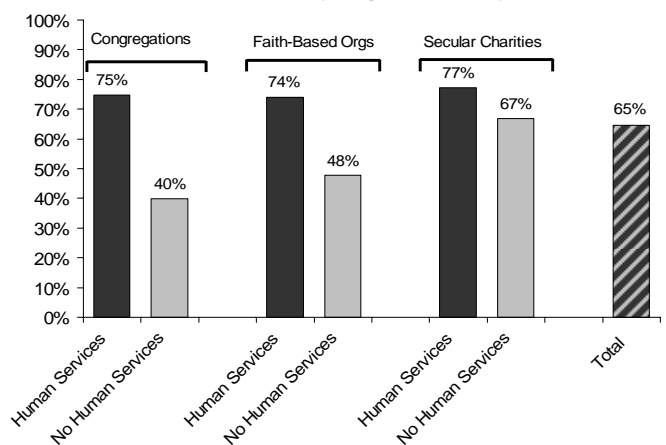


Figure 63: Percent of religious and charitable nonprofits that have direct Internet access for key staff/volunteers, by organization type (n=993)

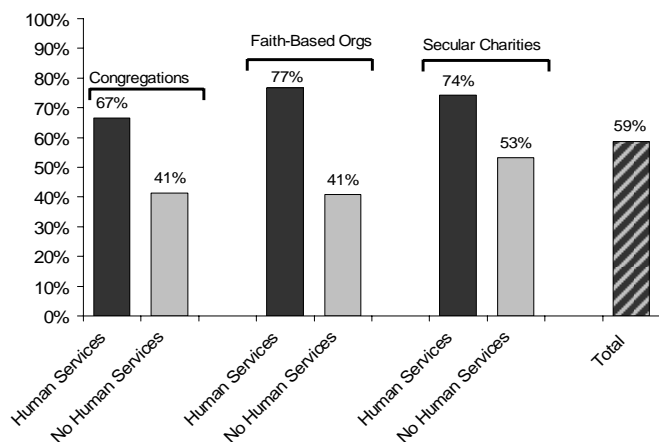


- **Overall Assessment:** Further analyses reveal two types of organizations that stand out after accounting for variations in size, age, and location. First, and as suggested by Figure 63, the odds of having direct Internet access are relatively low for congregations that do not provide health or human services. Second, in comparison to the other types of nonprofits, other FBOs that provide health or human services are especially likely to be connected to the Internet.

- **Capacity: E-mail Address for Organization.** Overall, 59 percent of religious and charitable

nonprofits in the state have an e-mail address for their organization. Approximately 67 to 77 percent of the religious and charitable nonprofits that provide health or human services have an e-mail address for their organization in comparison to roughly one-half or less of the organizations that do not provide health or human services. See Figure 64.

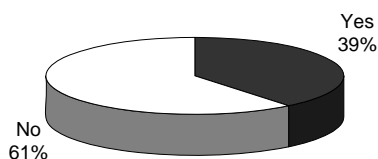
Figure 64: Percent of religious and charitable nonprofits that have an e-mail address for the organization, by organization type (n=933)



– *Overall Assessment:* As with Internet access, more detailed analyses suggest that congregations that do not provide health or human services are less likely to have an e-mail address for the organization than other congregations while the opposite is true for other FBOs that provide health or human services.

- **Capacity: Website for Organization.** Only 2 in 5 (39 percent) religious and charitable nonprofits have a website, with no notable variation among types. See Figure 65.

Figure 65: Percent of religious and charitable nonprofits that have a website for their organization (n=993)

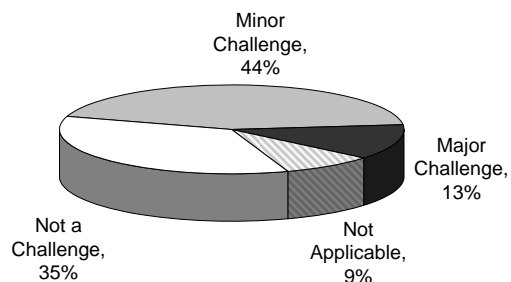


- *Overall Assessment:* Secular charities that do not provide health or human services are considerably more likely than the other types of nonprofits to report that they have a website, after controlling for size, age, and location.

Financial Management: In this section we look at the financial challenges facing Indiana’s religious and charitable nonprofits as well as some key resources they possess to address these concerns.

- **Challenge: Financial Management and Accounting.** While slightly more than one-half (57 percent) of religious and charitable nonprofits view financial management and accounting as a challenge, only 13 percent identify it as a major challenge. Indeed, it ranks as one of the least noted challenges, regardless of whether the organization is a congregation, other FBO, or secular charity. See Figure 66.

Figure 66: Percent of religious and charitable nonprofits that indicate financial management and accounting is a challenge (n=963)



- **Challenge: Managing Facilities.** Another aspect of financial management is managing facilities. This is a challenge for approximately one-half (48 percent) of religious and charitable nonprofits in Indiana, but is particularly challenging for congregations, regardless of whether or not they provide health or human services. See Figure 67. We suspect that many congregations own houses of worship and therefore are more likely to encounter challenges in managing facilities than other types of nonprofits which may operate out of rented or borrowed space.
- **Capacity: Audited Financial Statement.** One important tool in financial management is to have audited financial statements, although this is expensive and not justified for very small nonprofits. We find

that less than two-thirds (63 percent) of Indiana's religious and charitable nonprofits have produced such a report within the last two years, regardless of whether the organization is a congregation, other FBO, or secular charity. See Figure 68.

Figure 67: Percent of religious and charitable nonprofits that indicate managing facilities is a challenge, by organization type (n=965)

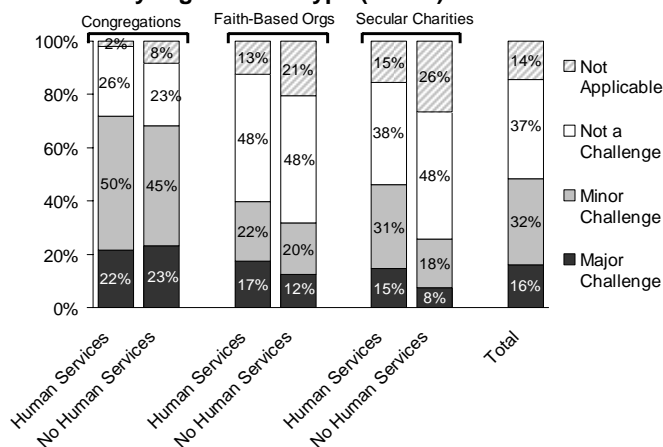
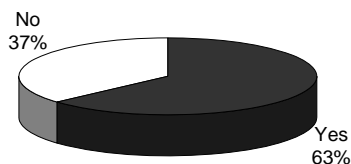


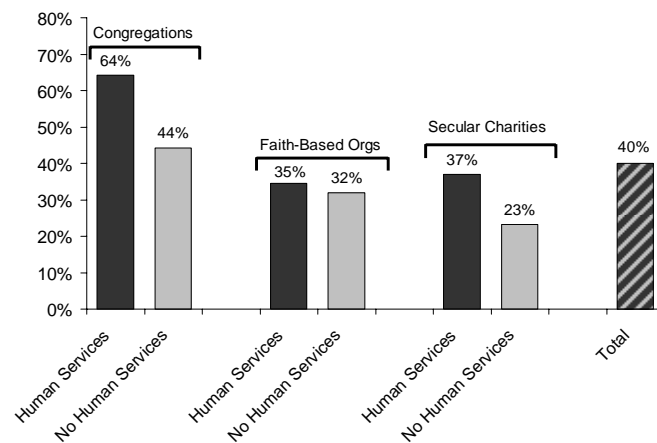
Figure 68: Percent of religious and charitable nonprofits that have a recent financial audit (n=984)



- **Capacity: Reserves Dedicated to Capital Improvement.** Two-fifths (40 percent) of Indiana's religious and charitable nonprofits have reserves dedicated to capital improvement. Congregations that provide health or human services are especially likely to have such reserves. Almost two-thirds (64 percent) of congregations possess them compared to roughly one-third of Indiana's other FBOs and secular charities. See Figure 69.

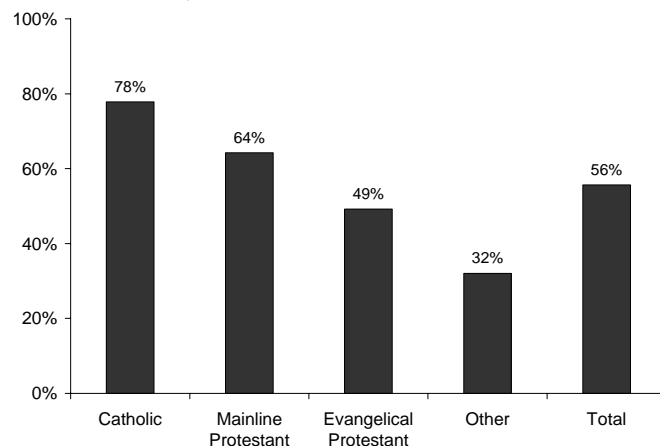
- **Overall Assessment:** The odds of having such reserves are significantly higher for congregations than the other types of organizations considered here, even after accounting for variations in age, size, and location of the organization.

Figure 69: Percent of religious and charitable nonprofits that have reserves dedicated to capital improvement, by organization type (n=985)



- **Differences among Congregations:** There are also significant differences in the extent to which different types of congregations throughout Indiana have reserves dedicated to capital improvement. Nearly 8 in 10 (78 percent) Catholic congregations indicate that they have capital reserves, compared to two-thirds (64 percent) of mainline Protestant congregations, one-half (49 percent) of evangelical Protestant congregations and only one-third (32 percent) of other types of congregations. See Figure 70.

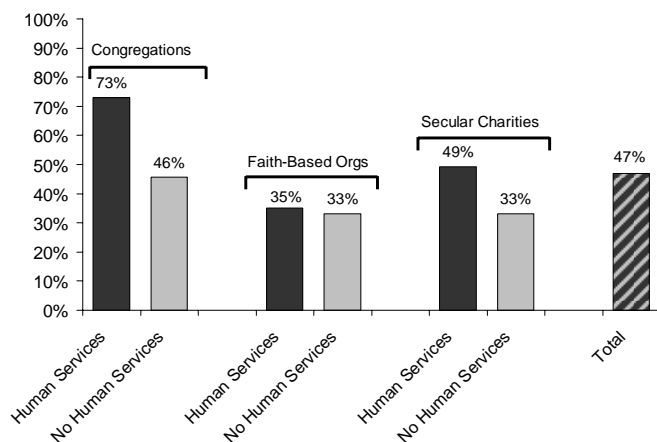
Figure 70: Percent of congregations that have reserves dedicated to capital improvement, by congregation type (n=453)



- **Capacity: Reserves Dedicated to Maintenance and/or Equipment.** Overall, most (89 percent) of the organizations that have reserves dedicated to capital improvement also have reserves dedicated to

maintenance and equipment. That is, to a large extent, the same organizations have financial reserves for both of these purposes. On average, however, just fewer than one-half (47 percent) of the state's religious and charitable nonprofits have reserves dedicated to meeting maintenance needs. See Figure 71.

Figure 71: Percent of religious and charitable nonprofits that have reserves dedicated to maintenance/equipment, by organization type (n=983)



- **Overall Assessment:** As with reserves dedicated to capital improvement, congregations that provide health or human services are disproportionately likely to have maintenance and equipment reserves (73 percent), even after controlling for other factors.

V. REGIONAL VARIATIONS

For the most part, there are not substantial variations in the basic organizational characteristics, challenges, and capacities of religious and charitable nonprofits across the different areas of Indiana. This suggests that regardless of their location, nonprofits across the state face many of the same pressures and circumstances that shape their organization experiences (including their age, use of volunteers and paid staff, etc.) and perspectives (such as which issues they perceive as challenges).

Understanding Regional Variations: In this section we reassess sections 2 and 4 of this report by paying special attention to regional differences. To do so, we divide the state into seven regions depending on whether we had access to expanded samples and had enough respondents among the religious and charitable nonprofits to warrant separate analysis. Note that what we refer to as a ‘region’ does not, in two instances, make reference to a single unified geographic area; we use the word region in these cases for simplicity in presentation.

We are able to report separately on four metropolitan regions: Indianapolis, Northwest Indiana, Evansville (including here Gibson County), and South Bend,²³ but group all other survey respondents into three categories: ‘Other Metro’ which includes the Fort Wayne, Muncie and Bloomington metropolitan regions; ‘Non-Metro’ which includes Bartholomew, Cass, Dubois, Miami, and Scott Counties; and ‘Rest of State’ which includes all other regions of the state. See Figure 72.

- **Distribution of Religious and Charitable Nonprofits:** There is marginally significant variation in the distribution of other FBOs, congregations and secular charities throughout Indiana. South Bend has a higher proportion of secular charities (53 percent) than the state overall (42 percent). The Other Metro regions, on the other hand, have smaller percentages of them (34 percent). The rest of the state has higher percentages of congregations. See Figure 73.²⁴

²³ The Northwest region includes Lake, La Porte, and Porter Counties; the Evansville region includes Gibson, Posey, Vanderburgh, and Warren Counties; the Indianapolis region includes Boone, Hamilton, Hancock, Marion, Hendricks, Morgan, Johnson, and Shelby Counties; the South Bend region includes St. Joseph County.

²⁴ Since these results are marginally significant they should be interpreted with caution.

Figure 72: The Indiana Nonprofit Sector Project, selected communities

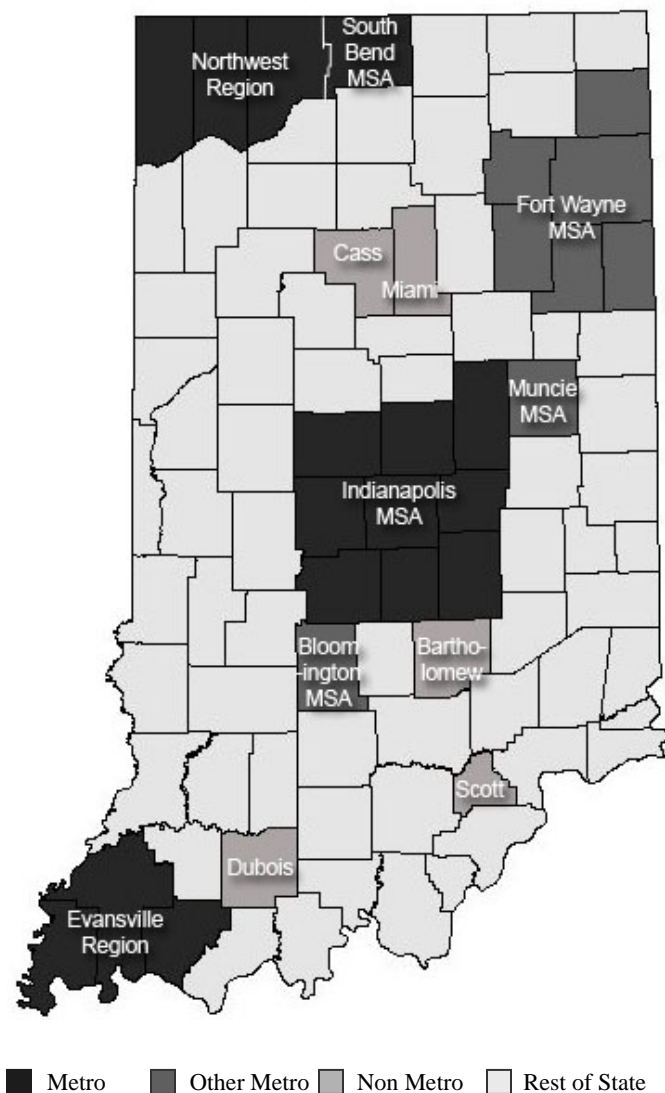
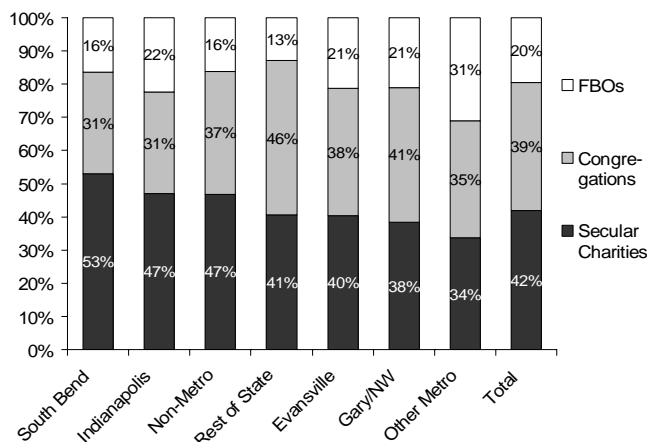


Figure 73: Percentages of other FBOs, congregations and secular charities, by region (n=1,040)



- **Revenues:** Our analysis shows that while the amount of revenues or changes in revenues is similar regardless of geographical location, there are some regional differences among religious and charitable nonprofits in how much of their revenue is generated by donations, but no differences in total revenues, changes in revenues, or surpluses or deficits.
 - **Donations:** Simple bivariate analyses show no statistical difference in the extent to which religious and charitable organizations from the different regions rely on various sources of revenue. (See Figure 11 on page 10.) However, more detailed analyses that control for size, age, and type of organization provide some useful insights:
 - The odds of having no revenues versus a primary reliance on donations are substantially higher for nonprofits in the Northwest category compared to those elsewhere.
 - The odds of having a primary reliance on government funding versus a reliance on donations are relatively high for nonprofits within the Evansville area, while the odds of relying on a mix of funding sources versus a primary reliance on donations are slightly lower.
 - **Changes in Donations:** Approximately one-half (49 percent) of the religious and charitable nonprofits throughout the state indicate that donations to their organization increased, although this is not the case for every region.
 - Nonprofits in the Northwest region and South Bend are less likely to report such increases. Only 35 to 36 percent of nonprofits in these regions say that donations increased in the prior three years. See Figure 74.
- **Human Resources:** Religious and charitable nonprofits across the state tend to have similar human resources in terms of FTE staff or reliance on volunteers.
 - **Age:** Religious and charitable nonprofits in the Indianapolis area, with a median age of 23 years, are generally younger than the same types of nonprofits in other regions. Organizations in less

populated areas (i.e. those grouped within the Rest of State category) are relatively older, reporting a median age of 46 years. See Figure 75.

Figure 74: Changes in donations for religious and charitable nonprofits within different regions (n=841)

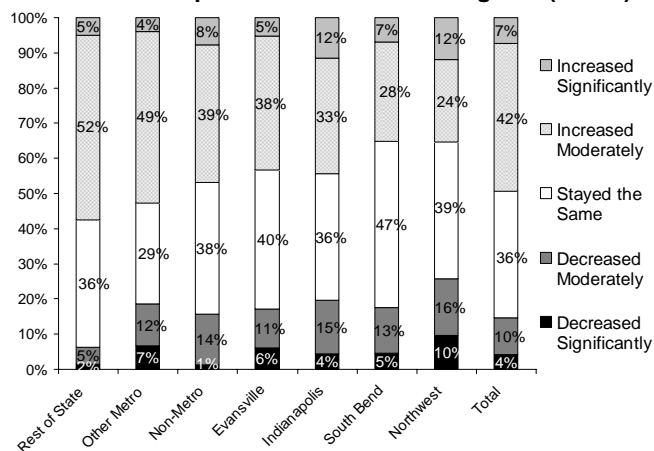
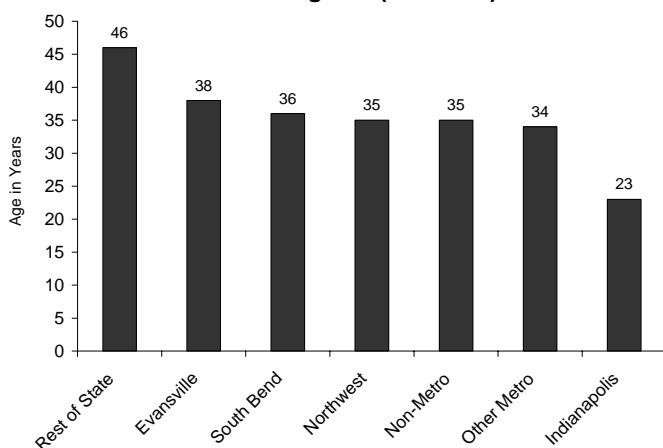


Figure 75: Median age of religious and charitable nonprofits in different regions (n=77-246)

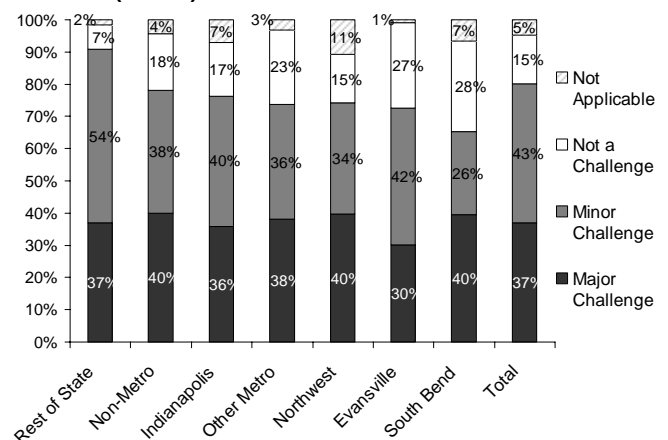


- **Challenges:** While they show few differences in the dimensions discussed above, religious and charitable nonprofits show some notable variability in the challenges they face depending on where they are located.

- **Delivering High Quality Programs and Services:** Religious and charitable nonprofits across the various regions hold similar views about the degree to which delivering high quality programs and services is challenging; however, there are some notable differences.

- Nonprofits in the Rest of State category are the most likely to indicate that delivering high quality programs and services is a challenge (minor or major). See Figure 76.
- Evansville nonprofits are particularly likely to feel that this challenge is applicable to them (illustrated by the small percentage that indicate it is not applicable) but are relatively unlikely to say that delivering high quality programs is a major challenge (30 percent).

Figure 76: Percent of religious and charitable nonprofits in different regions that indicate delivering high quality programs and services is a challenge (n=899)

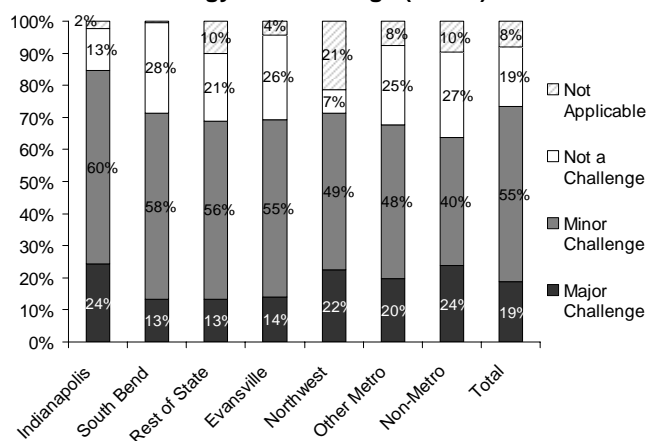


- **Evaluating Program Outcomes:** Simple bivariate analysis shows no significant differences in challenges in evaluating or assessing program outcomes or impacts. However, after controlling for variations in nonprofit type, size, and age, religious and charitable nonprofits in Indianapolis stand out as particularly likely to say that it is a major challenge. Nonprofits in the Rest of State category, on the other hand, are especially unlikely to say that this is a major challenge.
- **Attracting New Members/Clients:** While bivariate analysis shows no notable differences, after controlling for various organizational characteristics we find differences in the overall assessment. Compared to nonprofits in other regions of the state, the odds of reporting that attracting new members and clients is a major challenge are significantly low for Evansville nonprofits

and those in Non-Metro areas (i.e. Bartholomew, Cass, Dubois, Miami, and Scott Counties).

- *Using IT Effectively*: Religious and charitable nonprofits in Indianapolis are especially likely to indicate that using information technology is challenging (84 percent). One in five (21 percent) Northwest nonprofits say that using IT is not applicable to their organization. See Figure 77.

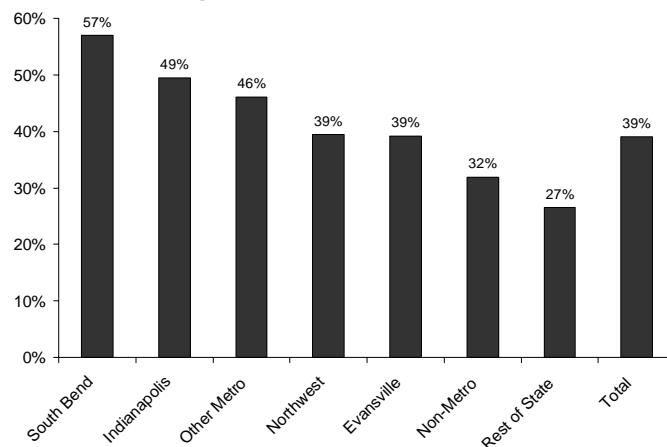
Figure 77: Percent of religious and charitable nonprofits in different regions that indicate using information technology is a challenge (n=897)



- *Financial Management and Accounting*: Again simple bivariate analysis shows no significant differences; however, after controlling for age, type, and size of the organization, the odds of reporting that financial management and accounting is a challenge decreases substantially for South Bend nonprofits in comparison to nonprofits in other areas of the state.
- **Capacities**: Similar to what we saw with challenges, religious and charitable nonprofits vary greatly in the resources they possess to face those challenges. This differs significantly based on where they are located within Indiana.
 - *Website for the Organization*: There is wide variation in the percentage of religious and charitable nonprofits in the different regions that have a website for their organization. South Bend (57 percent), Indianapolis (49 percent), and Other Metro (46 percent) nonprofits are relatively more likely to have their own web-

sites, while religious and charitable nonprofits in Non-Metro areas (32 percent), as well as the Rest of State category (27 percent), are particularly unlikely to have a website. See Figure 78.

Figure 78: Percent of religious and charitable nonprofits within different regions that have a website for the organization (n=979)



- Further overall analyses confirm that, after controlling for other organizational features, the odds of having a website are very low for nonprofits in the Rest of State category compared to nonprofits in other areas. The opposite is true for nonprofits in the Other Metro category.
- *E-mail Address for the Organization*: Seven in ten of the religious and charitable nonprofits in Indianapolis and South Bend have an e-mail address for the organization, compared to roughly one-half of the nonprofits in the Northwest, Evansville, Non-Metro, and Rest of State regions. See Figure 79.
- *Reserves Dedicated to Maintenance/Equipment*: There is also much variation in the extent to which nonprofits in the different regions have reserves dedicated to maintenance or equipment. Religious and charitable nonprofits in the Other Metro category stand out from nonprofits in other areas regarding the low percentage that have such reserves. More detailed analyses confirm the finding represented in Figure 80.

Figure 79: Percent of religious and charitable nonprofits within different regions that have an e-mail address for the organization (n=993)

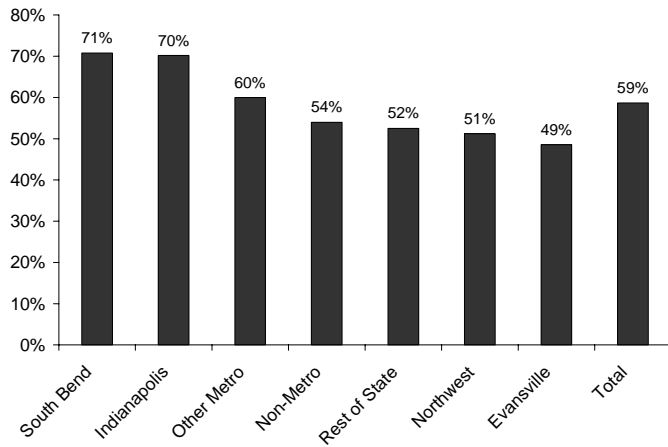
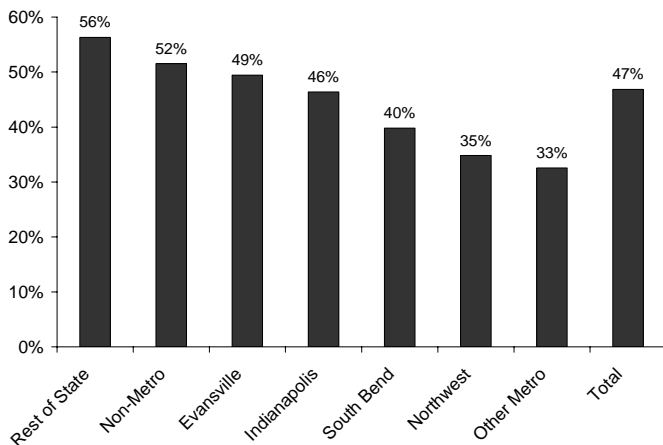


Figure 80: Percent of religious and charitable nonprofits within different regions that have reserves dedicated to maintenance/equipment (n=983)



South Bend are particularly likely to have formal volunteer recruitment programs when we analyze them through a multivariate framework. The odds of have such programs increase by a factor of more than two for nonprofits in South Bend when compared to nonprofits in other areas.

- *Audited Financial Statement*: The odds of having a recent audited financial statement are high for nonprofits in the Other Metro area compared to other areas. This is the case after controlling for other organizational features besides location.
- *Annual Report*: The odds of having produced an annual report within the last year are significantly low for South Bend nonprofits.

- *Written Job Description*: While there are no differences with bivariate analysis, the odds of having written job descriptions are considerably low for religious and charitable nonprofits in South Bend when compared to their counterparts in other areas, after taking account of the size, type, and age of the organizations. We speculate that this could be influenced by the fact that the South Bend region has a higher than average proportion of secular charities to congregations. (Earlier in Figure 56 we saw that secular charities are less likely to have written job descriptions than congregations).
- *Formal Volunteer Recruitment Program*: On the other hand, religious and charitable nonprofits in

VI. CONCLUSION

Several conclusions and implications result from our analysis.

1. ***Religious congregations are distinct from other faith-based organizations.*** Our findings show that religious congregations and other FBOs show distinctive characteristics, challenges and capacities on almost every dimension examined here.

For example, congregations are generally much older—the median age of other FBOs (31 years) is only half that of congregations (62 years)—and much more likely to rely on volunteers. However, congregations that provide health or human services are more likely to have formal capacities such as written personnel policies and job descriptions and volunteer recruitment and training programs. Policy-makers must be aware of these differences when designing initiatives meant to address religious organizations instead of lumping them together.

2. ***Congregations, other FBOs and secular charities differ markedly in their approach to health or human services.*** Over half of all congregations and other FBOs provide some type of health or human services compared to less than four-fifths of secular charities. (The rest focus on such other activities as arts, culture, humanities; education; environment/-animals; international affairs; or public benefit activities of various kinds).

In particular, among those that provide health or human services, secular charities and other FBOs are more likely than congregations to serve only the general public (rather than their own members) and to target their services to low income groups. However, secular charities are more likely than congregations or other FBOs to receive government funding and to have completed a recent evaluation of program outcomes or impacts. Congregations are more likely to say that strategic planning is a major challenge (regardless of whether they provide health or human services), than other FBOs or secular charities. Such findings have important implications for decisions about how to target specific types of technical assistance to Indiana's religious and charitable nonprofits.

3. ***Limited awareness of and interest in "Charitable Choice" by congregations.*** Only a third of congregations are aware of the "Charitable Choice" initiative, regardless of whether they provide health or human services, compared to about two thirds of other FBO that provide such services. The latter are more likely to already receive government funds and to say they might seek such funds in the future. These findings suggest that while congregations frequently provide some health or human services (but usually to both their own members and the general public), by the time this survey was completed in 2002 they were not necessarily ready and eager to seek government funding to support these activities. These attitudes may have changed since then.
4. ***Congregations are more likely to depend on volunteers.*** While congregations report more challenges in recruiting and keeping volunteers, they are also more likely to say they are essential to their missions. Congregations that provide health or human services are considerably more likely to have formal volunteer recruitment and training programs, suggesting that they also have greater capacity to utilize them.
5. ***Organizations use Information Technology in different ways.*** Detailed analysis shows that congregations that provide health or human services are especially likely to possess computers and have computerized financial records. However, we also find that other FBOs that provide health or human services are especially likely to have Internet access and an organizational email address. This suggests that congregations are more likely to use IT for internal management tasks while other FBOs use it for interfacing with the general public.

The IT revolution and its introduction of the Internet and email have made communication and dissemination of information not only instantaneous but very cheap. Health or human service providers that have these tools for interfacing with the general public have distinct advantages in not only reaching potential clients but in learning about new funding opportunities, collaborative projects, government information, etc. If congregations are to compete with other FBOs and secular charities for government funds they should consider enhancing this capacity.
6. ***Congregations have greater capacity to manage facilities.*** Detailed analysis shows that congregations

which provide health or human services are significantly more likely to report reserves dedicated to capital improvement as well as reserves for maintenance and/or equipment. This is an important indicator of financial planning capability. However, congregations, regardless of whether they provide health or human services, are nevertheless more likely to say that managing facilities is a challenge than other FBOs or secular charities.

7. ***Catholic congregations appear to be more formalized.*** There were only a few cases in which congregational type differed significantly in management capacities. However, in each of those cases, Catholic congregations appeared to come out ahead. They report fewer challenges in attracting members and are more likely to have computerized client/member records, written personnel policies, formal volunteer training programs, computerized financial records, and capital and maintenance reserves. Most likely, these differences reflect the substantially larger size of Catholic congregations compared to evangelical and mainline protestant denominations.

APPENDIX A

SELECTED SURVEY QUESTIONS

Q14 Does your organization currently provide any health or human services (or do you have plans to begin providing such services over the next two years)? (Health services include: health care/health treatment; treatment for diseases/disorders, health research/prevention; and mental health/crisis intervention. Human services include: social services/counseling; public safety/disaster relief; crime/legal services; employment/job training; housing; food/nutrition; youth development; and recreation). (*Circle best response*)

- 1 Yes, you currently provide some type(s) of health or human services
- 2 No, but you plan to begin providing some health or human services over the next two years
- 3 No, you are interested in providing some health or human services, but have no definite plans
- 4 No, you are not interested in providing any health or human services

Q21 Is your organization a religious congregation (church, synagogue, temple, mosque) or is it some other type of religious organization? (*Circle best response*)

- 1 No, you are not a religious congregation (church, synagogue, temple, mosque) or a religious organization of any type (*Please skip to Q22*)
- 2 Yes, you are a religious congregation (church, synagogue, temple, mosque) (*Please answer Q21A*)
- 3 Yes, you are some other type of religious organization (*Please describe briefly below, then answer Q21A*)

Type of religious organization: _____

Q21A If your organization is a religious congregation or some other type of religious organization, is your organization affiliated with a particular religious group or denomination? (*Circle best response*)

- 1 No, you are not affiliated with religious group or denomination
- 2 Yes, you are affiliated with a religious group or denomination (*please specify below*)

Religious group/denomination: _____

Q21B If your organization is a religious congregation or some other type of religious organization, are you aware of a national initiative that would make it easier for religious organizations to apply for government money to support their human service programs? (*Circle best response*)

- 1 Yes
- 2 No

Q21C If your organization is a religious congregation or some other type of religious organization, how certain is it that your organization will seek to obtain government funding for your programs or activities over the next two years? (*Circle best response*)

- 1 You already receive government funding
- 2 You definitely will seek government funding
- 3 You probably will seek government funding
- 4 You probably will not seek government funding
- 5 You definitely will not seek government funding
- 6 Don't know

BREAKDOWN OF RELIGIOUS AFFILIATIONS (EXCEPT FOR CATHOLIC)²⁵²⁶

²⁶ Categorization of evangelical and mainline Protestant denominations here is based on Steensland et. al “The Measure of American Religion: Improving the State of the Art,” *Social Forces*, September 2000, 79(1):291-318

PROJECT PUBLICATIONS AND REPORTS

Over the last several years a number of reports and articles related to the Indiana Nonprofit Sector Project have been published, in addition to papers presented at various colloquiums and conferences. The following citations include project-related reports and papers as of May 2006. Online reports, as well as summaries of all other items are available on the project website: www.indiana.edu/~nonprof. To obtain a complete version of an unpublished paper please contact Kirsten Grønbjerg (kgronbj@indiana.edu, (812) 855-5971).

Indiana Nonprofit Survey Analysis

This survey of 2,206 Indiana nonprofits, completed in spring and early summer of 2002, covered congregations, other charities, advocacy nonprofits, and mutual benefit associations. It used a stratified random sample drawn from our comprehensive Indiana nonprofit database and structured so as to allow for comparisons among (1) different nonprofit source listings (including those identified through the personal affiliation survey) and (2) twelve selected communities around the state. The survey included questions about basic organizational characteristics, programs and target populations, finances and human resources, management tools and challenges, advocacy activities, affiliations, and involvement in networking and collaboration. An almost identical instrument was used to survey Illinois congregations, charities and advocacy nonprofits for the Donors Forum of Chicago (report available Online at www.donorsforum.org, December, 2003).

Online Statewide Reports

- Indiana Nonprofits: A Portrait of Religious and Secular Charities, by Kirsten A. Grønbjerg, Patricia Borntrager Tennen, Curtis Child and Richard Clerkin. Online Report. Survey Report #7. June 2006. (www.indiana.edu/~npsurvey/insfaithbased.html).
- Indiana Nonprofits: A Profile of Membership Organizations, by Kirsten A. Grønbjerg and Patricia Borntrager. Online report. Survey Report #6. September 2005 (www.indiana.edu/~nonprof/results/npsurvey/insmember.html).
- Indiana Nonprofits: Affiliation, Collaboration, and Competition, by Kirsten A. Grønbjerg and Curtis Child. Online report. Survey Report #5. November 2004 (www.indiana.edu/~nonprof/results/npsurvey/insaffil.html).
- Indiana Nonprofits: Managing Financial and Human Resources, by Kirsten A. Grønbjerg and Richard M. Clerkin. Online report. Survey Report #4. August 2004 (www.indiana.edu/~nonprof/results/npsurvey/insman.html).
- Indiana Nonprofits: Impact of Community and Policy Changes, by Kirsten A. Grønbjerg and Curtis Child. Online report. Survey Report #3. June 2004 (www.indiana.edu/~nonprof/results/npsurvey/inscom.html).
- The Indiana Nonprofit Sector: A Profile, by Kirsten A. Grønbjerg and Linda Allen. Online report. Survey Report #2. January 2004 (www.indiana.edu/~nonprof/results/npsurvey/insprofile.html).
- The Indianapolis Nonprofit Sector: Management Capacities and Challenges, by Kirsten A. Grønbjerg and Richard Clerkin. Online report. Preliminary Survey Report #1. February 2003 (www.indiana.edu/~nonprof/results/npsurvey/indymanag.html).

Online Regional Reports

- Evansville Nonprofits: Scope and Dimensions, by Kirsten A. Grønbjerg and Patricia Borntrager Tennen. Online report. Community Report #4. June 2006 (www.indiana.edu/~nonprof/results/npsurvey/inscommuncie.pdf).
- Muncie Nonprofits: Scope and Dimensions, by Kirsten A. Grønbjerg and Patricia Borntrager Tennen. Online report. Community Report #3. June 2006 (www.indiana.edu/~nonprof/results/npsurvey/inscommuncie.pdf).

- Northwest Region Nonprofits: Scope and Dimensions, by Kirsten A. Grønbjerg and Patricia Borntrager Tennen. Online report. Community Report #2. February 2006 (www.indiana.edu/~nonprof/results/npsurvey/inscomnorthwest.pdf).
- Bloomington Nonprofits: Scope and Dimensions, by Kirsten A. Grønbjerg and Patricia Borntrager Tennen. Online report. Community Report #1. September 2005 (revised, December 2005) (www.indiana.edu/~nonprof/results/npsurvey/inscombloomington.pdf).

Journal Articles and Conference Presentations

- Nonprofit Networks and Collaborations: Incidence, Scope and Outcomes, by Kirsten Grønbjerg and Curtis Child. Paper prepared for presentation at the annual meetings of ARNOVA, Washington, D.C., November 17-19, 2005.
- A Portrait of Membership Associations: The Case of Indiana, by Kirsten Grønbjerg and Patricia Borntrager Tennen. Paper prepared for presentation at the annual meetings of ARNOVA, Washington, D.C., November 17-19, 2005.
- The Capacities and Challenges of Faith-Based Human Service Organizations, by Richard Clerkin and Kirsten A. Grønbjerg. *Public Administration Review* (forthcoming, 2006).
- Examining the Landscape of Indiana's Nonprofit Sector: Does What You See Depend on Where You Look? By Kirsten A. Grønbjerg and Richard Clerkin. *Nonprofit & Voluntary Sector Quarterly* 34 (No. 2, June): 232-59. 2005.
- Infrastructure and Activities: Relating IT to the Work of Nonprofit Organizations, by Richard Clerkin and Kirsten A. Grønbjerg. Paper presented at Symposium on Nonprofit Technology Adoption, University of San Francisco, Institute for Nonprofit Organization Management. October 2004. Forthcoming in *Nonprofits and Technology*, edited by Michael Cortés and Kevin Rafter. Chicago: Lyceum Press.
- Nonprofit Advocacy Organizations: Their Characteristics and Activities, by Curtis Child and Kirsten A. Grønbjerg. Paper presented at the Biannual Conference of the International Society for Third-Sector Research, Toronto, Canada, July 11-14, 2004.

Indiana Nonprofit Employment Analysis

An analysis, comparing ES202 employment reports with IRS registered nonprofits under all sub-sections of 501(c), using a methodology developed by the Center for Civil Society Studies at The Johns Hopkins University, to examine nonprofit employment in the state of Indiana for 2001 with comparisons to 2000 and 1995. The analysis includes detailed information by county, region, and type of nonprofit as well as industry and sector comparisons.

Online Statewide Reports

- Indiana Nonprofit Employment, 2005 Report. Nonprofit Employment Report No. 2 by Kirsten Grønbjerg and Erich T. Eschmann. May 2005 (www.indiana.edu/~nonprof/results/innonprofitemploy.htm).
- Indiana Nonprofit Employment, 2001. Nonprofit Employment Report No. 1 by Kirsten Grønbjerg and Hun Myoung Park. July 2003 (www.indiana.edu/~nonprof/results/innonprofitemploy.htm).

Online Regional Reports

- Evansville Economic Region Nonprofit Employment: 2005 Report. Nonprofit Employment Series No. 2D by Kirsten Grønbjerg and Erich T. Eschmann, with Kerry S. Brock. June 2006 (www.indiana.edu/~nonprof/results/inemploy/evansvilleempl05.pdf).
- Muncie Economic Region Nonprofit Employment: 2005 Report. Nonprofit Employment Series No. 2C by Kirsten Grønbjerg and Kerry S. Brock. June 2006 (www.indiana.edu/~nonprof/results/inemploy/muncieempl05.pdf).

- Northwest Economic Region Nonprofit Employment: 2005 Report. Nonprofit Employment Series No. 2B by Kirsten Grønbjerg and Kerry S. Brock. May 2006 (www.indiana.edu/~nonprof/results/inemploy/northwestempl05.pdf).
- Bloomington Economic Region Nonprofit Employment: 2005 Report. Nonprofit Employment Series No. 2A by Kirsten Grønbjerg and Erich T. Eschmann with Kerry S. Brock. January 2006 (www.indiana.edu/~nonprof/results/inemploy/bloomingtonempl05.pdf).
- Bloomington Nonprofit Employment, 2001. Nonprofit Employment Report No. 1, Supplement A, by Kirsten Grønbjerg and Sharon Kioko. August 2003 (www.indiana.edu/~nonprof/results/inemploy/Bloomingtonempl03.pdf).

Personal Affiliation Survey Analysis

We completed a survey of 526 Indiana residents in May 2001, designed to make it possible to evaluate the utility of an alternative approach to sampling Indiana nonprofits (as compared to drawing a sample from a comprehensive nonprofit database). The survey probed for the respondents' personal affiliations with Indiana nonprofits as employees, worshippers, volunteers, or participants in association meetings or events during the previous 12 months. We recorded the names and addresses of the church the respondent had attended most recently, of up to two nonprofit employers, up to five nonprofits for which the respondent had volunteered, and up to five nonprofit associations.

Journal Articles and Conference Presentations

- The Role of Religious Networks and Other Factors in Different Types of Volunteer Work, by Kirsten Grønbjerg and Brent Never. *Nonprofit Management and Leadership* 14 (Winter 2004, No. 3):263-90.
- Individual Engagement with Nonprofits: Explaining Participation in Association Meetings and Events, by Kirsten Grønbjerg. Paper presented at the ARNOVA Meetings, Montreal, Canada, November 14-16, 2002.
- Volunteering for Nonprofits: The Role of Religious Engagement, by Kirsten Grønbjerg and Brent Never. Paper presented at the Association for the Study of Religion. Chicago, August 14-16, 2002.

Indiana Nonprofit Database Analysis

We developed a comprehensive database of 59,400 Indiana nonprofits of all types in 2001 (congregations, other charities, advocacy nonprofits, and mutual benefit associations) using a unique methodology that combines a variety of data sources, most notably the IRS listing of tax-exempt entities, the Indiana Secretary of State's listing of incorporated nonprofits, and the yellow page listing of congregations. We supplemented these listings with a variety of local listings in eleven communities across the state and with nonprofits identified through a survey of Indiana residents about their personal affiliations with nonprofits. The database was most recently updated in 2004 and is available in a searchable format through a link at www.indiana.edu/~nonprof.

Journal Articles and Conference Presentations

- Extent and Nature of Overlap between Listings of IRS Tax-Exempt Registrations and Nonprofit Incorporation: The Case of Indiana, by Kirsten Grønbjerg and Laurie Paarlberg. *Nonprofit and Voluntary Sector Quarterly* 31 (No. 4, December, 2002): 565-94.
- Evaluating Nonprofit Databases. *American Behavioral Scientist* 45 (July, 2002, No. 10): 1741-77. Resources for Scholarship in the Nonprofit Sector: Studies in the Political Economy of Information, Part I: Data on Nonprofit Industries.
- Community Variations in the Size and Scope of the Nonprofit Sector: Theory and Preliminary Findings, by Kirsten A. Grønbjerg and Laurie Paarlberg. *Nonprofit and Voluntary Sector Quarterly* 30 (No. 4, December, 2001) 684-706.



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